# HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

## Starts to stay above 200,000 through 2006

### Overview

***Housing starts:***

***2004: 233,431***
***2005: 216,300***
***2006: 201,100***

***Resales:***

***2004: 456,108***
***2005: 445,100***
***2006: 427,300***

**Housing starts:** Residential construction will moderate from 2004's 17-year high to reach 216,300 starts this year. Housing starts will remain above 200,000 units for a fifth consecutive year in 2006.

**Resales:** Sales of existing homes will decline modestly this year and next as rising carrying costs will negatively impact demand, particularly among first-time buyers.

**Resale prices:** There has been strong price growth in the resale market over the past three years. With moderating sales activity and an increasing supply of new listings, price increases will not be as brisk in 2005 and 2006. (Details on Page 3)

### The Nation's HOT SPOTS

**British Columbia:** Residential construction in British Columbia is poised for a sustained high level of activity in the coming years. Growth in 2005 will be based on supportive fundamentals – moderate economic growth, momentum from past employment gains, and positive migration flows. (Details on Page 9)

**Saskatchewan:** Growth in the energy and mining sectors are the major factors behind Saskatchewan's positive outlook. Job creation and a falling unemployment rate will result in fewer people leaving the province in search of work. These factors will facilitate the creation of new households and bolster the demand for housing this year. (Details on Page 11)

**Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 or email us at Market Analysis Centre@cmhc-schl.gc.ca**

## First Quarter 2005


3 **NATIONAL OUTLOOK**

4 **TRENDS IMPACTING HOUSING**

6 **SPECIAL REPORT: Rental market overview**

9 **PROVINCIAL REPORTS**

9 British Columbia
10 Alberta
11 Saskatchewan
12 Manitoba
13 Ontario
14 Quebec
15 New Brunswick
16 Nova Scotia
17 Prince Edward Island
18 Newfoundland and Labrador

19 **FORECAST TABLES**


**CMHC Housing Market Outlook Canada** is your national sales, marketing, and business planning tool.

Canada

CMHC SCHL
HOME TO CANADIANS

# CMHC — HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

**Information and Subscriptions**

Subscribe to *CMHC Housing Market Outlook, Canada Edition* in electronic (PDF) format. Each edition is e-mailed directly to you the day of release. No more waiting two to three weeks to get the printed edition!

You can subscribe on-line through the CMHC website at:
www.cmhc-schl.gc.ca/cgi-bin/webc.exe/mktinfo/store/National Market analysis.html#ho

You can also subscribe or enquire about the status of your current electronic subscription by contacting us by e-mail at Market_Analysis_Centre@cmhc-schl.gc.ca, call 1-613-748-2006 or fax 1-613-748-2156.

Annual Subscription ( 4 issues ): $120 + GST
Single issue: $40 + GST

To subscribe to the printed format, call 1-800-668-2642. Outside Canada call 1-613-748-2003 or fax 1-613-748-2016.

The forecast for this issue was completed in January 2005.

The *CMHC Housing Market Outlook, Canada Edition* is your national sales, marketing and planning tool.

The next edition is the Second Quarter 2005 and is planned to be released in May.

To learn about other valuable CMHC information products, visit the CMHC home page at www.cmhc.ca.

**MLS®**

The term MLS® stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

**© Canada Mortgage and Housing Corporation, 2005.**

All rights reserved. Canada Mortgage and Housing Corporation hereby grants permission to the subscriber to produce one electronic copy and to print one hard copy for the subscriber's personal use only. No part of this publication may be reproduced, modified, or redistributed in any form or by any means, for any purposes (including but not limited to sales) other than those noted above, without the prior written permission of Canada Mortgage and Housing Corporation.

ISSN 1488-6537 Product # 61500-2005-Q01

# National Housing Outlook

106-02115/

## In Detail

Housing starts in Canada are forecast to decline 7.3 per cent this year to 216,300 units, down from 2004's 17-year high of 233,431 units. Half of the decline in starts this year will be due to weakness in Quebec where starts will fall by approximately 9,450 units (-16.2 per cent) due to less robust economic and market conditions. Residential construction will continue to ease next year with national housing starts dipping 7.0 per cent to 201,100 units.

Looking ahead, the housing market is set to moderate in 2005 and 2006 to 216,300 units and 201,100 units, respectively. Pent up demand for housing is eroding and new home construction will gradually move toward levels that are more in line with demographics. Also, as interest rates nudge higher in both 2005 and 2006 and house prices continue to rise, mortgage carrying costs will increase.

At the same time, rising vacancy rates in many centres across the nation will constrain rent increases. As a result, home ownership will become more expensive relative to renting, which will contribute to decreased demand for ownership housing.

Over the past few years, many households have taken advantage of historically low mortgage rates to buy a home. However, three years of strong price increases in many parts of the country have pushed carrying costs higher. As a result, home buyers now face higher costs of home ownership. Repeat buyers, however, have been somewhat insulated from rising prices because of equity gains in their existing homes. Therefore, the rise in mortgage carrying costs will have the greatest impact on first-time buyers.

### Single detached starts to fall in 2005

Single detached construction activity hit a 16-year high at 129,171 starts in 2004 and is forecast to fall 8.3 per cent to 118,500 starts this year. This slowing trend will continue in 2006 with single family housing starts forecast to decline an additional 7.2 per cent to 110,000 units.

Single-detached housing starts are forecast to fall in every province across Canada this year except Manitoba and Saskatchewan where they will increase slightly. Double-digit declines for 2005 are forecast in Newfoundland, PEI, Quebec and Alberta where single detached starts are forecast to drop by 14.8, 12.0, 11.7, and 11.1 per cent, respectively.

### Starts of multi-family homes will decline in 2005

Multi-family housing starts (semi-detached, row and apartment units) peaked in 2004 at 104,260 units, which represents an 18-year high. In 2005, multiple starts are forecast to ease 6.2 per cent to 97,800 units. Semi-detached and apartment construction will dip 12.2 per cent and 6.9 per cent respectively, while rows will increase 0.1 per cent.

Across the nation, the largest decreases in multi-family starts will be in PEI (-36.7 per cent), Quebec (-20.5 per cent), and Newfoundland (-10.3 per cent). Multiple starts will be higher in New Brunswick, Nova Scotia, British Columbia, and Saskatchewan thanks to solid gains in apartment construction.

### MLS® sales to ease from 2004 record

A record 456,108 MLS® sales transactions took place in 2004. However, rising home prices together with modest increases in mortgage rates, will boost carrying costs and reduce demand. Hence, MLS® sales will decrease 2.4 per cent to 445,100 units in 2005. This trend will continue into 2006 when MLS® sales will fall to 427,300 units.

Across the nation this year, MLS® sales will decrease in three of the four Atlantic provinces. British Columbia, Quebec and Ontario will also see sales of existing homes move lower while Manitoba and Saskatchewan will register an increase in activity. Alberta MLS® sales are forecast to be on par with last year's performance.

### Price appreciation to slow this year

Fewer sales and an increase in the number of new listings will ease price pressure in the resale market this year and next. Many centres across the nation have recorded strong price appreciation in the past three years. The average resale house price has increased by 10.0, 9.6, and 9.7 per cent in 2002, 2003, and 2004, respectively. As resale markets in most metropolitan centres move toward a balanced state this year, the rate of increase in house prices will slow. The average MLS® price will increase by 5.8 per cent in 2005 (approximately half the rate of the previous three years) and by 3.4 per cent in 2006.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends Impacting Housing

### The Economy

Canada's real gross domestic product (GDP) grew at a 3.2 per cent annual rate in the third quarter of 2004, down from a revised 3.9 per cent in the second quarter. Third quarter real GDP was boosted by a significant increase in non-farm business inventories. Also contributing to economic growth in the third quarter was the annualized 3.0 per cent increase in consumer expenditures, a 8.2 per cent jump in machinery and equipment investment, increased government spending and residential investment. On the other hand, lower exports coupled with rising imports dampened economic growth in the third quarter. This weakness in trade reflects in part the strong value of the Canadian dollar vis-a-vis its U.S. counterpart, which has eroded the competitiveness of Canadian goods.

Personal disposable income also slowed in the third quarter rising by just half of one per cent compared to 1.2 per cent recorded in the second quarter.

Canadian real GDP is forecast to increase by 2.7 per cent in 2004 and strengthen to 3.0 per cent in 2005 and to 3.2 per cent in 2006.

### Mortgage Rates

The Bank of Canada held the target for the overnight rate steady at 2.5 per cent at its January 25th announcement. The Bank stated that economic growth has been weaker than expected. With core inflation remaining below the two per cent target, the Bank of Canada is focused on the strong Canadian dollar and its dampening effect on the demand for Canadian goods and services.

Posted mortgage rates are forecast to rise as interest rates head up in 2005-06. The one, three and five-year posted closed mortgage rates are expected to remain low, rising by 25-75 basis points annually this year and next. One, three and five-year mortgage rates are forecast to be in the 4.75-5.50, 5.50-6.25, and 6.00-6.75 per cent range respectively in 2005 and edge up 25-75 basis points in 2006.

However, rising posted mortgage rates will not necessarily lead to higher mortgage rates negotiated between borrowers and lenders. Spreads between mortgage rates and comparable bond yields have remained at 2.00-2.50 per cent in the last few years, providing lenders with some room to negotiate discounts ranging 0.50 to 1.50 percentage points from the posted rates. These spreads and discounts are likely to persist in the near term.

### Migration

Migration statistics for the first three quarters of 2004 show that international migration has been trending higher. Thus net migration (immigration minus emigration) in Canada is estimated to have risen by approximately ten per cent in 2004, boosting Canada's population by 192,600 people. Since many new immigrants tend to initially reside in rental accommodations, increased immigration will boost the demand for rental housing.

### Employment

December 2004 year-over-year employment growth was up by 1.4 per cent or 228,100 jobs. Construction, FIRE (finance, insurance, and real estate) and professional, scientific and technical services sectors have added 60,600 (6.3 per cent), 56,300 (5.9 per cent), and 59,100 (6.0 per cent) jobs, respectively. The manufacturing sector, however, lost 27,000 jobs (-1.2 per cent) in the same 12 month period.

The seasonally adjusted employment-to-population ratio reached 62.7 per cent in December 2004, matching the December 2003 record level. With the economy near full employment, future job growth will become more constrained by population growth. In the two year period ending December 2003, some 834,000 jobs were added to the employment ranks. There is, however, a lag between employment growth and housing activity as it takes time for those newly employed to become established. Thus, the strong employment growth of 2002 and 2003 boosted resales and housing starts in 2004. About 550,000 jobs are forecast to be created this year and next, which is somewhat below the 834,000 jobs created in the prior 24 month period.

The 2004 annual average employment growth in Canada was 1.7 per cent, down from 2.2 per cent in 2003. Every province recorded increases in employment with growth ranging from a low of 0.7 per cent in Saskatchewan to a high of 2.4 per cent in British Columbia and Nova Scotia. Manitoba, PEI, and Saskatchewan trailed with employment expanding 1.2, 1.0 and 0.7 per cent, respectively.

Canada's labour force expanded by 1.3 per cent, its slowest growth since 1996. As a result of employment growth outpacing labour force growth, the 2004 unemployment rate fell to a three-year low of 7.2 per cent. With expansion in employment forecast to continue to exceed that of the labour force, the annual average unemployment rate will fall to 7.1 per cent this year and 6.9 per cent in 2006.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends at a Glance

## Key factors and their effects on residential construction

| Factor | Comment |
|---|---|
| Mortgage rates | With mortgage rates forecast to edge higher over the next two years, demand for home ownership will begin to decrease. |
| Employment | Significant employment growth in years past has boosted household formation and increased the demand for housing. The economy is approaching full employment, therefore, future job growth will be restricted to the rate of population growth. |
| Incomes | Rising disposable income has been an important factor supporting the strong housing market and the ensuing price increases. With mortgage rates now forecast to inch higher, continued income growth will be key to supporting future demand for ownership housing. |
| Net migration | Immigration levels are on track to come in at the higher end of the Government of Canada's target range. This increase in the population due to rising net migration will support demand for rental housing in the near term. |
| Natural population increase | Canada's population is aging and there are fewer people in their child bearing years. Thus, the contribution of births to population growth is declining. |
| Consumer confidence | The index of consumer attitudes as measured by the Conference Board of Canada indicates that consumer confidence across the nation remains high. Favourable economic conditions this year and next will keep consumers in a spending mood which will support the housing market. |
| Resale market | Rising carrying costs will moderate resale demand in the years ahead. With resales expected to fall from their record heights and the number of new listings on the rise, future price increases will be more modest. |
| Vacancy rates | The vacancy rate across Canada's metropolitan centres climbed for a third consecutive year in 2004. With rental demand waning, future rental housing starts will be limited. |

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Special Report: Rental Market Overview

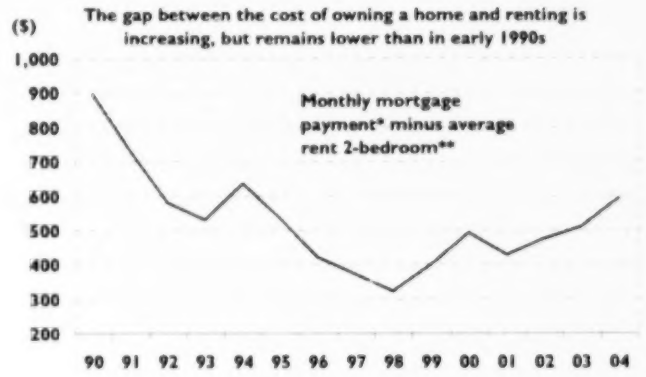
Vacancy rates continued to rise in many communities in Canada in 2004. Low mortgage rates brought home ownership within the reach of many renter households and lessened demand for rental housing. Rental apartment completions have added new rental supply and high levels of condominium completions created competition for the rental market.

**Average rental vacancy rate rose to 2.7 per cent**

As expected, the average rental apartment vacancy rate in Canada's 28 major centres[1] rose to 2.7 per cent in October 2004 from 2.2 per cent a year ago. The vacancy rate increased for the third consecutive year in 2004, but it remains below the 3.3 per cent average vacancy rate over the 1992 to 2003 period. Higher vacancy rates were reflected in modest increases in average rents. The average rent for two-bedroom apartments—the most common size on the market— rose modestly by 2.3 per cent in 2004, which was in line with the rate of inflation.

Source: CMHC
Average of 28 major centres. Before 2002, Kingston and Abbotsford were not included.

The rising vacancy rate over the past year is due to various factors. Low mortgage rates have kept mortgage carrying costs low and lessened demand for rental housing by bringing home ownership within the reach of many renter households. While the gap between the monthly mortgage payment* and the average rent for a two-bedroom unit has been growing for the past three years, it remains smaller than it was in the early 1990s. For example, in 2004, the monthly mortgage payment* was close to $600 more than the average rent for a two-bedroom unit while in 1990 this gap was about $900. The gap between mortgage carrying costs and rents was at its lowest in 1998 when home ownership demand in Canada took off. Indeed, Canadian ownership is on an upward trend. Between 1996 and 2001, the increase in ownership rates accelerated to reach 65.8 per cent in 2001, up 2.3 percentage points compared to 1996.


The gap between the cost of owning a home and renting is increasing, but remains lower than in early 1990s
($)
1,000
900
800
700
600
500
400
300
200
Monthly mortgage payment* minus average rent 2-bedroom**
90 91 92 93 94 95 96 97 98 99 00 01 02 03 04

Sources: CMHC, CREA and Bank of Canada
*: Mortgage loan financed at 90 per cent, amortized over 25 years, for a five-year term, using average MLS® price
**: Prior to 2002, Kingston and Abbotsford are excluded

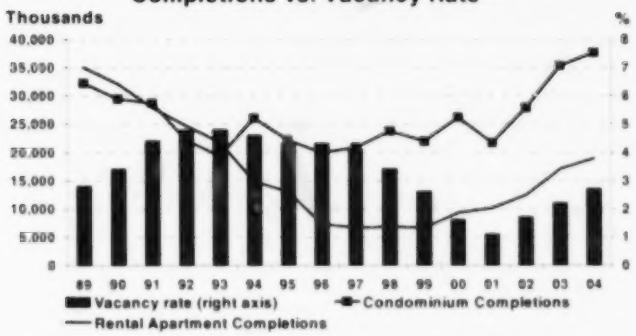
The gap between the monthly mortgage payment and the average 2-bedroom rent will continue to rise because mortgage rates are expected to edge higher while MLS® prices will continue to increase in 2005. This will start to limit the movement of renter households into home ownership and to some extent will be reflected in lower levels of residential construction and resale market activity in 2005. However, demand for home ownership will remain strong and rental construction will add to supply in 2005. As a result, vacancy rates will continue to rise in 2005 to 3.0 per cent.

Continued high levels of condominium completions have also created competition for the rental market and have contributed to rising vacancy rates in many centres. Condominiums are a relatively inexpensive form of housing and are often purchased by renter households switching to home ownership. Condominiums also supplement the rental market because in some cases investors purchase condominiums and rent them out. These units compete with rental units in the traditional rental market surveyed by CMHC. Condominium completions reached 37,578 units in the 12 months ending September 2004, up 6.5 per cent from the number completed in the year ending September 2003. Vacancy rates have also risen because rental apartment completions have added new rental supply in some centres. Between October 2003 and September 2004, 18,806 rental apartments completion were recorded, an addition that was 10.8 per cent larger than in the year ending September 2003.

[1] Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs) with the exception of the Ottawa-Gatineau CMA which is treated as two centres for Rental Market Survey purposes.

**Contact: Sandra Girard (613) 748-4502, sgirard@cmhc-schl.gc.ca**

**Condominium and Rental Apartment Completions vs. Vacancy Rate*****




Source: CMHC

*** Average of 28 major centres, Privately Initiated Apartment Structures (with at least 3 units)

Note: Year is a 12-month period starting from Oct. and ending in Sept. the next year. For example, the year 2004 starts in Oct. 2003 and ends in Sept. 2004.

Counteracting these factors was a rise in international immigration, which was up 15 per cent in the year ending September 2004 compared to the same period a year earlier. Since immigrants are more likely to rent than to own when they first arrive in Canada, this increase has boosted demand for rental accommodations in some centres. Most immigrants tend to settle in Toronto, Montreal and Vancouver.

## Overview of local markets

Vacancy rates increased in most markets and for most centres the changes were relatively small.

### Windsor: Largest increase and highest vacancy rate in the country

The vacancy rate more than doubled, going from 4.3 per cent in 2003 to 8.8 per cent in 2004. The rising Canadian dollar has affected employment in manufacturing in general and particularly among suppliers to the auto parts industry. As a result, the unemployment rate is rising and among the highest of all CMAs.

Home ownership is more affordable in Windsor than in most other Ontario CMAs because the gap between the relative level of rents and house prices is small. Also, the number of condo apartments completed in 2004 doubled from 2003, adding to the supply of ownership housing at lower price points.

### Vacancy rates dropped most in Greater Sudbury, Vancouver and Victoria

Vacancy rates decreased most in Greater Sudbury, Vancouver and Victoria. Greater Sudbury's vacancy rate is at its lowest level since 1992. The vacancy rate dipped to 2.6 per cent in 2004 down from 3.6 per cent in 2003. Strong rental demand was supported by employment in younger age groups and improved net migration. According to Statistics Canada, net-migration was negative, with 2,900 net departures in 1998-1999 while in the 2002-2003 period, net migration turned positive (326 net arrivals).

Typically, Vancouver experiences low vacancies, with a ten-year average rate of 1.5 per cent. Strong rental demand combined with limited additions to the rental stock has reduced the number of vacancies this year. The same forces explain the vacancy rate drop in Victoria, which has the lowest vacancy rate in the country.

### Toronto: Vacancy rate is at a historic high

At 4.3 per cent, Toronto's vacancy rate is at a historic high, but the 2004 increase was smaller than that of 2003 and 2002. Ownership demand among renters continued to be strong in 2004 as declines in mortgage rates early in the year offset some of the impact of rising prices. The number of condominium completions fell 27.2 per cent to 10,178 units. Nevertheless, the large number of condominiums completed contributed to the increase in the vacancy rate. Condominiums rented by investors are creating strong competition for the traditional rental market in Toronto. The pace of condominium and rental apartment completions is expected to accelerate in 2005, keeping the rental market soft. Rental completions were down 23.5 per cent, but remained higher than they had been in 2002 and 726 apartments were added to Toronto's rental supply at a time when the vacancy rate is high. Immigration began to recover in 2004 after a sharp drop in 2003, which added to rental demand.

### Montreal: The biggest rental market in Canada is still tight

Montreal rental demand has remained strong due to high levels of immigration and youth employment. The completion of both affordable dwellings and privately initiated retirement rental housing units has added to Montreal's rental stock. Low mortgage rates have encouraged people to move from renting to homeownership and have miti-

| Centres with Largest Increase in Vacancy Rates | Centres with Largest Declines in Vacancy Rates | Centres with Highest Vacancy Rates | Centres with Lowest Vacancy Rates |
|---|---|---|---|
| Windsor (4.5% pts.) | Greater Sudbury (-1.0% pts.) | Windsor (8.8%) | Victoria (0.6%) |
| Edmonton (1.9% pts.) | Vancouver (-0.7% pts.) | Saskatoon (6.3%) | Sherbrooke (0.9%) |
| Saskatoon (1.8% pts.) | Victoria (-0.5% pts.) | Saint John (5.8%) | Winnipeg (1.1%) |
| Thunder Bay (1.7% pts.) | Trois-Rivières (-0.3% pts.) | Saguenay (5.3%) | Quebec (1.1%) |
| London (1.6% pts.) | Winnipeg (-0.2% pts.) | Edmonton (5.3%) | Trois Rivières (1.2%) |

Source: CMHC's Rental Market Survey, October 2004

**Contact: Sandra Girard (613) 748-4502, sgirard@cmhc-schl.gc.ca**

gated the expansion of rental demand. Overall, the vacancy rate remains low (1.5 per cent) and it is still difficult for renter households to find a dwelling within the biggest rental market in Canada.

### Calgary: Stabilization of the vacancy rate

In Calgary, the vacancy rate (4.3 per cent) stabilized at its 2003 level, which was a nine-year high. However, the Calgary vacancy rate is well below its peak of 12.3 per cent reached in 1983. A 7.2 per cent drop in the number of condominiums completed to 3,632 units is an indication that the movement of renters into home ownership has slowed. Also, growth in the traditional sources of new rental demand, youth and immigrants, have accelerated. At the same time, only 246 rental apartments were completed (compared to 652 the previous year), implying slower growth in the supply of rental accommodation. This trend was reinforced by the drop in the number of condominium completions, since some condominiums are rented out by investors. Despite the addition of new units to Calgary's rental market, the rental market universe declined due to the continued trend of converting rental apartments to condominiums. During the 12-month period ending October 2004, a record 970 apartment suites were converted from rental to condominium. These contributed to a 909-unit decline in the apartment rental universe, a key factor preventing an increase in Calgary's vacancy rate.

### Affordable housing: Many low-income renter households are in core housing need[1]

Despite the fact that vacancy rates have increased in many centres, there are many renter households that pay more than 30 per cent of their income for rent. These households either need less expensive units or require some help to make their shelter costs more affordable.

[1]Households require affordable housing that is not in need of major repair and is large enough to meet their needs. If a household lives in accommodations that do not meet one or more of these criteria and the median rent for local housing that meets all three of these criteria exceeds 30 per cent of that household's income, then that household is said to be in core housing need.

## Indicators for metropolitan rental markets
## privately initiated apartment structures of three units or more units

| | Vacancy rate - Total | | Average Rent - Two Bedroom | | |
|---|---|---|---|---|---|
| | Oct. 2003 | Oct. 2004 | Oct. 2003 ($) | Oct. 2004 ($) | Percentage Change average rent |
| ***Atlantic Region*** | | | | | |
| St.John's | 2.0 | 3.1 | 607 | 618 | 1.8% |
| Halifax | 2.3 | 2.9 | 720 | 747 | 3.8% |
| Saint John | 5.2 | 5.8 | 504 | 520 | 3.2% |
| ***Quebec Region*** | | | | | |
| Gatineau | 1.2 | 2.1 | 639 | 663 | 3.8% |
| Montréal | 1.0 | 1.5 | 575 | 594 | 3.3% |
| Québec | 0.5 | 1.1 | 567 | 596 | 5.1% |
| Saguenay | 5.2 | 5.3 | 457 | 459 | 0.4% |
| Sherbrooke | 0.7 | 0.9 | 471 | 495 | 5.1% |
| Trois-Rivières | 1.5 | 1.2 | 436 | 457 | 4.8% |
| ***Ontario Region*** | | | | | |
| Hamilton | 3.0 | 3.4 | 778 | 789 | 1.4% |
| Kingston | 1.9 | 2.4 | 768 | 785 | 2.2% |
| Kitchener | 3.2 | 3.5 | 754 | 765 | 1.5% |
| London | 2.1 | 3.7 | 736 | 758 | 3.0% |
| Oshawa | 2.9 | 3.4 | 845 | 852 | 0.8% |
| Ottawa | 2.9 | 3.9 | 932 | 940 | 0.9% |
| St.Catharines-Niagara | 2.7 | 2.6 | 704 | 722 | 2.6% |
| Greater Sudbury | 3.6 | 2.6 | 651 | 655 | 0.6% |
| Thunder Bay | 3.3 | 5.0 | 672 | 679 | 1.0% |
| Toronto | 3.8 | 4.3 | 1,040 | 1,052 | 1.2% |
| Windsor | 4.3 | 8.8 | 776 | 776 | 0.0% |
| ***Prairie Region*** | | | | | |
| Calgary | 4.4 | 4.3 | 804 | 806 | 0.2% |
| Edmonton | 3.4 | 5.3 | 722 | 730 | 1.1% |
| Regina | 2.1 | 2.7 | 589 | 602 | 2.2% |
| Saskatoon | 4.5 | 6.3 | 576 | 580 | 0.7% |
| Winnipeg | 1.3 | 1.1 | 645 | 664 | 2.9% |
| ***British Columbia Region*** | | | | | |
| Abbotsford | 2.5 | 2.8 | 672 | 684 | 1.8% |
| Vancouver | 2.0 | 1.3 | 965 | 984 | 2.0% |
| Victoria | 1.1 | 0.6 | 789 | 799 | 1.3% |
| **Total (1)** | **2.2** | **2.7** | | | |

(1) Weighted average of CMAs

**Contact: Sandra Girard (613) 748-4502, sgirard@cmhc-schl.gc.ca**

# British Columbia

## Overview

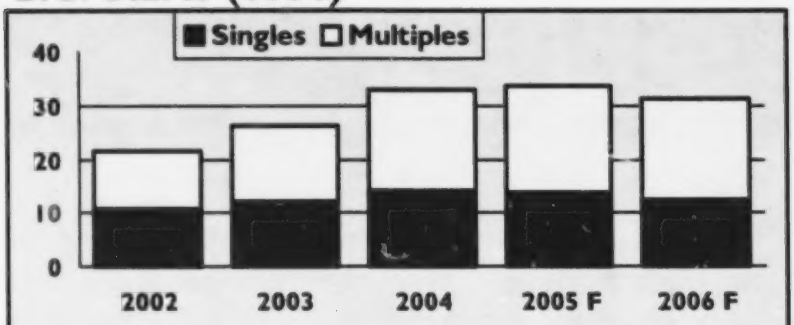
### Fundamentals Support Housing

New residential construction in British Columbia is poised for a sustained high level of activity in the coming years. Growth will be based on supportive fundamentals – moderate economic growth, momentum from past employment gains, and positive migration flows building the population base.

The British Columbia economy will grow at a rate near its potential, with broad-based growth contributing to increased employment and high levels of consumer confidence. The higher valued Canadian dollar will have a dampening effect on the province's export and tourism sectors, while making both consumer and business imports cheaper. Increased residential investment along with consumer spending and business investment will translate into overall economic growth of 3.2 per cent in 2005 and 3.3 per cent in 2006.

Improving labour markets relative to other provinces will attract people to the province, generating demand for housing. British Columbia's unemployment rate dipped to a 23-year low in December to 6.1 per cent, well below the national average of 7.0 per cent. Interprovincial migration is forecast to continue its upward trend, with a net gain of 7,000 persons in 2005 and 8,000 persons in 2006.

**B.C. Starts (000's)**




Source: CMHC

The upward trend in existing home sales has passed its peak as the pent-up demand that had been driving resale activity appears to be waning. New listings are trending up in response to rising prices. Most existing home markets around the province will move to balanced supply and demand conditions in 2005. This will take some of the pressure off of new construction to meet housing demand.

Housing starts will total 33,600 units in 2005 before moderating to 31,100 units in 2006. Rising prices and gradually rising interest rates will increase mortgage carrying costs in British Columbia. As a result, new construction will focus more on multiple-unit developments, accounting for over half of new housing starts during the forecast period.

## In Detail

Single Starts: The increase in mortgage carrying costs will impact the more expensive single-detached home market. Starts are projected to total 13,800 units in 2005 and 12,600 units in 2006.

Multiple Starts: A shrinking land supply, decreasing affordability and rising house prices will result in a continuation of the trend towards more multi-unit developments. There are several large-scale developments in the pipeline in the Vancouver CMA, as well as increased activity in the Victoria and Kelowna condominium markets. Momentum in multiple-unit developments will result in 19,800 starts in 2005 and 18,500 starts in 2006.

Resales: Although the forecast is for a decline in existing home sales during the next two years, the level of activity will remain high on a historical basis. The number of homes sold is forecast to decline 6.6% in 2005, but will still be at their third highest level since 1992. In 2006, sales will decrease further to 85,600 units.

Prices: Upward momentum in home prices will remain in 2005 but at a slower pace than during the past two years. Increased listings and rising prices will boost mortgage carrying costs, tempering demand in the existing home market. Average resale prices will increase 6.5 per cent in 2005 and 2.3 per cent in 2006.

## Provincial Highlight

International migration is a key source of population growth in British Columbia and contributes to demand for housing. According to BC Stats, the province attracts a higher proportion of immigrants in the business category compared to all other classes of immigrants coming to Canada. Since the inception of the Investor Immigration Program in 1986, approximately 91,000 investor immigrants (and their dependents) arrived in Canada by the end of 2003. Of those, nearly half reported British Columbia as their intended province of destination. Business immigrants are selected primarily on the basis of business skills and experience as well as net worth. They are more likely to come to Canada as family units with teenage children, and hence, more likely to buy a home.

**Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca**

# Alberta

## Overview

### Housing Market Fundamentals Remain Positive

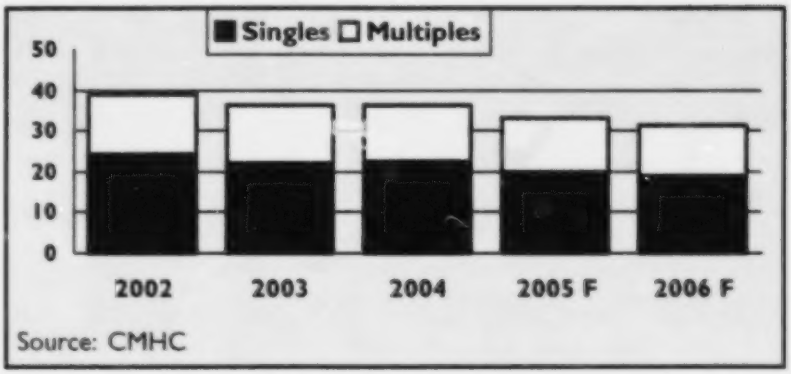
Favourable economic conditions will allow total housing starts to reach 33,000 units in 2005 and 31,500 units in 2006.

Capital spending will be the key driver of economic growth. According to the latest issue of the Inventory of Major Alberta Projects produced by Alberta Economic Development and Tourism, over $94 billion in capital expenditures are planned in the province over the next few years. The importance of the energy sector to the provincial economy is underscored in this inventory as about $64 billion of these expenditures are for oil and natural gas ventures.

The state of the provincial government's finances will also assist in the creation of an optimistic economic climate. In July 2004, the provincial government announced the elimination of its debt. Budget surpluses in the future will allow the government greater flexibility in raising expenditures or reducing taxes.

Continued economic growth will help maintain the confidence of households in purchasing a home as 85 per cent of the workers between the ages of 25 to 44 years have a full time job. Moreover, the province's unemployment rate will decrease to 4.6 per cent in 2005, which is the lowest in the country, thereby attracting workers from other provinces seeking job opportunities. Gains from migration will help fortify the demand for housing.

## Alberta Starts (000's)




Source: CMHC

## In Detail

Single Starts: Satisfaction of pent-up demand and higher carrying costs will cause single-detached starts to dip from 20,000 units in 2005 to 19,000 units in 2006.

Multiple Starts: The higher cost of owning and constructing a single-family dwelling is shifting the attention of buyers and builders to higher density developments. A greater emphasis on row and semi-detached units will mitigate the decline in apartment construction and help multi-family starts to remain stable at 13,000 in 2005 and 12,500 units in 2006.

Resales: A strong economy and low mortgage rates have led to record resale activity for four consecutive years. The rising cost of home ownership will cause sales to plateau at 57,000 units in 2005 and drop to 54,000 units in 2006.

Prices: In 2005 and 2006, a healthy balance between listings and sales will moderate price gains compared to recent years. Nevertheless, with units at the higher end of the price spectrum gaining in market share, price gains will continue to exceed the overall rate of inflation. The average MLS price is forecast to increase by nearly six per cent in 2005 and 2006.

## Provincial Highlight

The rental apartment vacancy rate in Edmonton increased from 3.4 per cent in October 2003 to 5.3 per cent in October 2004. Meanwhile, Calgary's apartment vacancy rate declined from 4.4 per cent in October 2003 to 4.3 per cent in October 2004.

The higher propensity to own in Calgary than Edmonton and the prevalence of low mortgage rates should have also translated into a higher vacancy rate in Calgary in 2004. Do the results reveal a change in the tenure pattern in Calgary? A closer look at the data reveals that this is not the case. A decline in the rental stock helped curb a rise in the vacancy rate. The 2004 rental apartment universe in the Calgary CMA fell by 909 units from the previous year, reaching 42,335 suites. Had this not occurred, the apartment vacancy rate could have been as high as 6.3 per cent in 2004, assuming a constant level of demand of 40,527 rented units.

**Contact: Vinay Bhardwaj (403) 515-3004, vbhardwa@cmhc-schl.gc.ca**

# Saskatchewan

## Overview

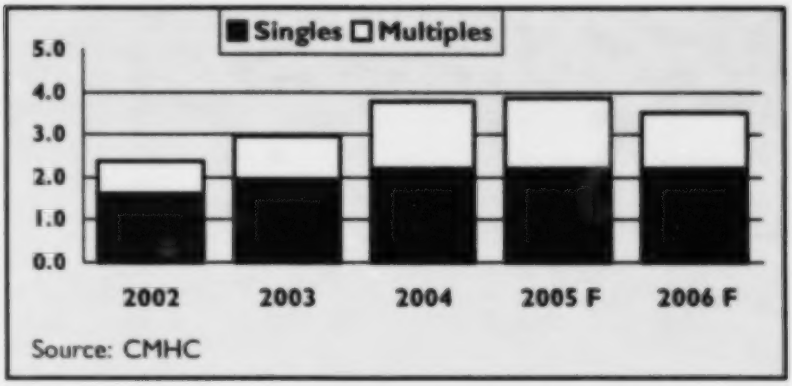
**Starts to stay above the five year average**

After registering 3,781 units in 2004, total housing starts will increase to 3,850 units in 2005 then decrease to 3,500 units in 2006. Growth in the energy and mining sectors are the major factors behind the positive outlook. Agriculture production will be at normal levels over the forecast period.

The latest Petroleum Service Association of Canada forecast calls for a three per cent increase in drilling activity in 2005. Another positive beyond 2005 is the outlook for the world's uranium markets. World demand for uranium will outstrip supply over the 2005 to 2013 period. Additional capital investment will be needed to increase the province's uranium production. Meanwhile, world demand for potash is beginning to exceed production capacity. Potash producers outside of Saskatchewan are operating at nearly 95 per cent of capacity leaving Saskatchewan's PotashCorp in an excellent position to expand its under-utilized capacity and meet new demand.

Economic growth will lead to the creation of over 13,000 new jobs through 2006 and the unemployment rate will dip to 5.2 per cent. Healthier labour market conditions will result in fewer people leaving the province in search of work. A strong job market and the improvement in net migration will facilitate the creation of new households and bolster the demand for housing.

## Saskatchewan Starts (000's)




Source: CMHC

## In Detail

Single Starts: Single-family condominium designs have proven to be popular with empty-nesters and land developers are introducing new, affordable subdivisions outside the city limits of Regina and Saskatoon. At 2,200 units in 2005, single-family starts will post their best performance in seven years. Single-family starts in 2006 will remain at 2,200 units.

Multiple Starts: Multi-family starts will reach 1,650 units in 2005 and decrease to 1,300 units in 2006. Developers are moving to satisfy demand from seniors and empty-nesters for luxury apartment condominiums. Multi-family construction is also benefiting from the demand for moderately-priced townhouses from first-time buyers and investors.

Resales: Sales on the Multiple Listing Service (MLS) will rise from 8,500 units in 2005 to 8,800 units in 2006. Demand will stem from intra and inter provincial migration. Demand from move-up buyers will also help to support sales for existing homes.

Prices: The average MLS price will increase 3.8 per cent in 2005 and a further 4.3 per cent in 2006. Although a portion of the price rise is due to a higher proportion of sales in elevated price ranges, there is clear evidence that buyers are paying more for existing homes, especially good quality properties in popular areas.

## Provincial Highlight

According to CMHC's Rental Market Survey, the average vacancy rate in the province's urban centres was 5.3 per cent in October of 2004 compared to 4.1 per cent in October 2003.

At 6.3 per cent, Saskatoon landlords saw the highest average vacancy rate recorded since 1990, and the second highest among all Canadian Census Metropolitan Areas. At 2.7 per cent, the overall vacancy rate in Regina matched the national average for all CMAs. In the province's smaller cities, rental market survey results were mixed. Average vacancy in Yorkton declined while there were increases in Prince Albert, Swift Current, and Moose Jaw. There was little change in Estevan, Lloydminster and North Battleford. At 15.9 per cent, the highest average vacancy rate was found in Estevan while the Lloydminster average vacancy rate was close to zero.

**Contact: Paul Caton (306) 975-4897, pcaton@cmhc-schl.gc.ca**

# Manitoba

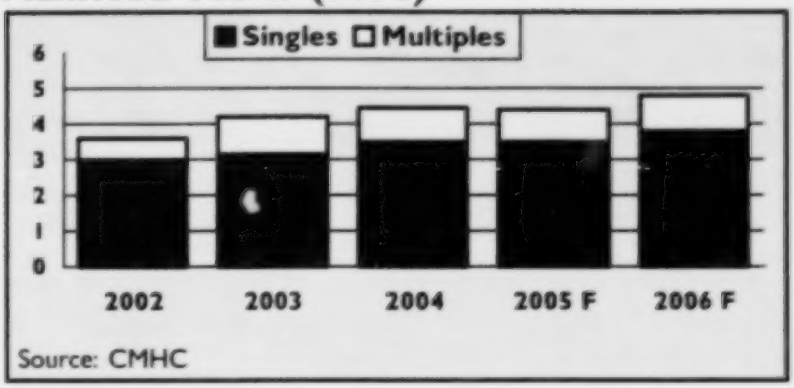
## Overview

**Starts stay above 4,000 units**

After reaching 4,440 units in 2004, total housing starts will decline to 4,400 units in 2005 and rise to 4,800 units in 2006.

Higher population growth is the major driver behind the strong outlook for residential construction. In order to address the shortage of skilled workers, businesses and government in the province have been actively courting international immigrants through the Provincial Nominee Program. The goal of the program is to attract 10,000 immigrants per year by 2006. In 2003, the province recorded a net gain of 5,529 persons from international migration. Through the first three quarters of 2004, the net gain from international migration stood at 5,050 persons, the best nine month performance since 1980. CMHC is forecasting a net gain of 7,800 persons through international immigration in 2005 and 2006. Consequently, the province's population is projected to grow at an average annual rate of 0.9 per cent over the forecast period, the strongest performance since the early 1980s.

## Manitoba Starts (000's)




Source: CMHC

## In Detail

Single Starts: Manitoba has registered gains in single-family starts five years in a row finishing 2004 with 3,484 units. Single starts will edge higher to 3,500 units in 2005 but will be constrained by a shortage of serviced land in the city of Winnipeg. Continued population growth and an increase in the availability of newly serviced land will push single-family starts to 3,800 units in 2006.

Multiple Starts: Multiple-family starts registered 956 units in 2004, a drop of 8.2 per cent over 2003 but still high in comparison with recent history. Multi-family starts will increase from 900 units in 2005 to 1,000 units in 2006. Demand will come from the 55 years-plus market as empty-nesters take advantage of price gains in recent years to sell their current homes and buy a condominium. New rental units will be built in response to strong rental demand and low vacancy rates in Winnipeg and Brandon.

Resales: An upward trend in active listings will enable MLS sales to climb by 7.5 per cent in 2005 to 13,000 units. Sales will reach 13,800 units in 2006 due to favourable economic and demographic conditions.

Prices Winnipeg accounts for about 90 per cent of Manitoba's resale activity. The persistence of sellers' market conditions in Winnipeg means that price gains in the province will continue to outpace inflation. The average MLS price in Manitoba will increase by 7.3 per cent to $128,000 in 2005 and by 4.7 per cent to $134,000 in 2006.

## Provincial Highlight

Since the mid-1990's the number of new households in Winnipeg has outstripped the number of housing starts by more than two to one. With a lack of new housing units to absorb the gain in households, the resale and rental markets have tightened substantially. The number of active listings in the resale market has declined from an average of 5,000 listings in the mid-1990s to less than 1,000 today. The vacancy rate in the rental market which was 6.0 per cent in 1996 has tightened every year since and now stands at 1.1 per cent.

**Contact: Dianne Himbeault (204) 983-5648, dhimbeau@cmhc-schl.gc.ca**

# Ontario

## Overview

### Strong Home Construction

Ontario home starts were strong in 2004 and ended the year just short of a 15 year record. Lower multiple-family home starts offset higher detached home construction in 2004. Third and fourth quarter starts edged below the exceptionally strong second quarter rate.

Construction will be high, but edge lower over the next couple of years as mortgage rates inch up and the growing number of home listings offer resale home choice. Starts in 2005 will reach 80,500 units, their third highest level in 15 years and edge lower in 2006 to 75,000 units.

Housing demand will be supported by relatively low mortgage rates, moderately strong net in-migration levels and respectable job growth.

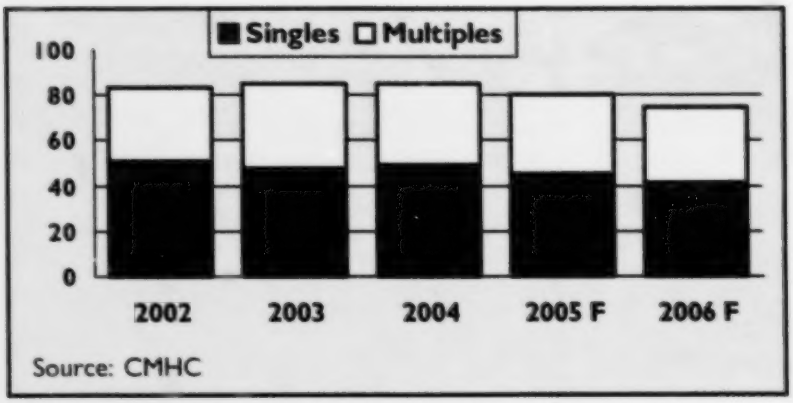
Strong first-time home buying in response to low mortgage rates is evident in higher vacancy rates. Low ownership carrying costs have made buying a home attractive.

High immigration to Toronto will power the province's population growth. Net migration to Ontario, while respectable, has come off its 2001 peak. Net migration in 2004 is estimated to have fallen to its lowest level in three years and will edge up from there. Migration to other parts of Canada and out of the country will partially offset immigration growth.

Employment will grow by less than two per cent until 2006 and add moderately to housing demand. The manufacturing and tourism sectors will be learning to operate with a high Canadian dollar.

Urbanization patterns could be influenced by proposed greenbelt legislation to protect some of the Golden Horseshoe's environmentally sensitive and agricultural lands. Development restrictions will put upward pressure on lot prices and encourage denser housing forms. Long term prospects are for development to leapfrog the green belt.

## Ontario Starts (000's)




Source: CMHC

## In Detail

Single Starts: Despite a rapidly growing mid 40s population, which prefers low density homes, higher home and land prices, and rising mortgage rates will nudge single detached starts lower to 45,000 units in 2005 and 41,000 in 2006.

Multiple Starts: Starts of semi-detached homes will edge down to 3,800 units in 2005 and 3,500 in 2006. Condominiums will remain an attractive option for first-time buyers. Townhomes will gain popularity among those wanting to be closer to the ground.

Resales: Sales through the Multiple Listing Services will pull back modestly from an all time record in 2004 as home prices and mortgage rates inch up. MLS® sales will edge lower in 2005 to 196,000 units and will decrease to 188,000 units in 2006.

Prices: Home prices are high and typically growing at several times inflation. The gap with inflation will be narrowed by growing existing home listings. Prices will increase by six per cent in 2005 and 3.8 per cent in 2006.

## Provincial Highlight

### Ontario's Rental Vacancies Up

Strong home buying will keep Ontario's vacancies high over the next couple of years.

Ontario's average vacancy rate rose for the fourth consecutive year, to 4.1 per cent in October 2004, from 3.5 per cent the year before. Vacancy rates were up in nine of the province's 11 Census Metropolitan Areas. In Windsor, where rents are relatively high, the vacancy rate jumped and was the highest in the country. More favourable than usual migration and jobs helped lower St. Catharines-Niagara and Greater Sudbury vacancy rates. Ontario's 1.2 per cent average annual rent increase was well below the 2.3 per cent general inflation rate over the same period.

The decline in rental demand was mostly the result of renters buying homes in today's low mortgage rate environment and partly the result of less people moving to the province. Renters are more likely to purchase their first home when borrowing costs are low.

**Contact: Alex Medow (416) 218-3344, amedow@cmhc-schl.gc.ca**

# Quebec

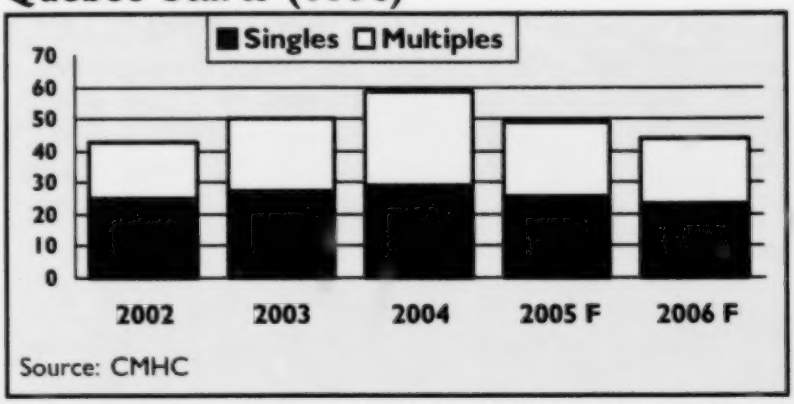
## Overview

**Housing markets less active in 2005**

Following several years of growth, housing starts in Quebec will slow to 49,000 units in 2005 and 44,000 units in 2006. The province's demographic outlook will continue to support housing demand.

The high value of the Canadian dollar and weakness in certain key sectors, such as manufacturing and aeronautical, continue to impact provincial economic growth. On the positive side, consumers have remained confident and continued to spend in 2004. Private sector investment in fixed capital, has grown as a result of a stronger Canadian dollar and brighter balance sheets. However, in order for the provincial government to achieve budget objectives, new public spending will be limited to essential areas. Whereas the value of Quebec exports rose in 2004, the high value of the Canadian dollar and increased competition are key risks for the short term. On balance these factors will result in GDP growth in line with the national average in 2005 and 2006.

## Quebec Starts (000's)




Source: CMHC

Quebec's demographic picture will be an important source of housing demand. In particular, thanks to steady and significant increases in the number of immigrants, net migration rose from 15,000 in 2000 to approximately 32,000 in 2003. It is expected that net migration will approach 40,000 by 2006. Meanwhile, the aging of the province's population has led to increased demand for various forms of targeted apartment units such as condominiums, retirement and seniors housing. However, low, albeit rising mortgage rates and rising prices will contribute to lower levels of residential construction this year and next.

## In Detail

Single Starts: Slower employment growth, slightly higher mortgage rates, looser resale markets and price pressures will continue to erode momentum of single-detached home construction in the coming years. Single starts will be in the vicinity of 25,500 units in 2005 and 23,500 units in 2006.

Multiple Starts: After several years of very strong growth, multi-family home construction - especially apartments - in Quebec will decline in 2005. However, as demand for condominiums, seniors residences, and conventional rental housing continues to be strong, construction in this category will remain at relatively high levels. We expect multi-family starts of about 23,500 units in 2005, descending to 20,500 in 2006.

Resales: Higher mortgage rates and moderate employment growth will also lead to a decrease in sales of existing homes. High price levels will also contribute to the decrease in MLS® sales to 61,000 units in 2005 and 58,000 units in 2006.

Prices: As listings increase and demand slows, price growth in the existing home market will slow in the next few years. Despite this outlook, market conditions will continue to favour sellers and prices will continue to rise. The average price in this market should increase 7.7 per cent to $186,000 in 2005, and 4.3 per cent to $194,000 in 2006.

## Provincial Highlight

**Quebec's Vacancy Rate Rises**

According to the results of the CMHC's 2004 Rental Market Survey, the average vacancy rate in privately initiated buildings with three or more units in the province of Quebec has reached 1.7 per cent, compared to 1.3 per cent at the time of the 2003 survey. The increase in rental construction, weaker youth employment growth and rising rates of homeownership, contributed to easing rental market conditions. These factors were only partially offset by the increase in immigration and the rise in house prices which helped boost demand for rental housing. As a result, vacancy rates have increased gradually.

The survey results show that the vacancy rates rose moderately in five of Quebec's six census metropolitan areas (CMAs) in 2004. The Gatineau area registered the greatest increase (from 1.2 per cent up to 2.1 per cent in October 2004), while a decrease in the vacancy rate was observed in the Trois-Rivières area (from 1.5 per cent down to 1.2 per cent in 2004). Montreal's vacancy rate edged up to 1.5 per cent while Quebec's rose to over 1.0 per cent.

**Contact : Kevin Hughes (514) 283-4488, khughes@cmhc-schl.gc.ca**

# New Brunswick

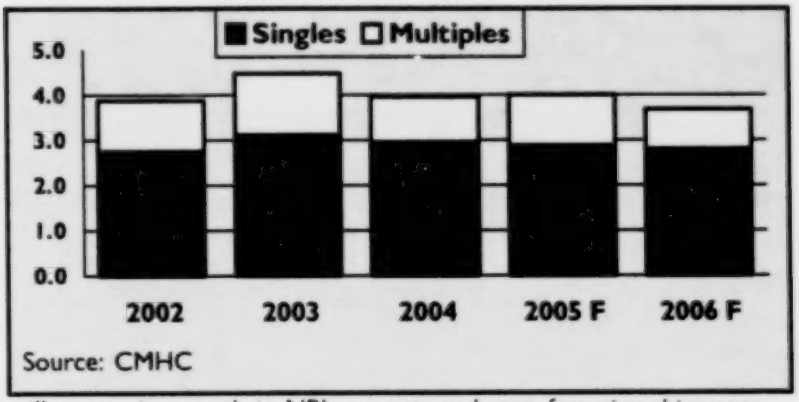
## Overview

**Capital projects to stimulate economic growth**

After slowing down in 2004, the construction industry is expected to level off in 2005. A number of big projects will contribute to provincial economic growth over the next few years. These include construction of a $750 million LNG terminal and the Trans-Canada Pipeline co-generation plant in Saint John, the twinning of the TC Highway, McCain's investment in additional food-processing capacity in the North West, and the $60 million Irving personal care diaper facility in Moncton. The provincial government is also planning to spend upwards of $250 million on municipal infrastructure and improving the border crossings with the United States. The stimulative impact of these capital projects will be partially offset by the closing of the Miramichi and Nackawic pulpmills. Also, the high value of the Canadian dollar will constrain growth in NB's exports and manufacturing shipments. On balance, these factors will lead to stronger growth in provincial real gross domestic product which will rise from 2.8 per cent in 2004 to 3.0 per cent in 2005. As well, the construction of many of these key projects combined with growth in the service sector will generate more new jobs in 2005. Employment growth will ease back to 1.0 per cent in 2005.

Mortgage rates will remain low which will cushion the impact of rising inventories in the resale market, higher prices for building materials, and increasing land costs. Starts will edge higher to 4,000 units in 2005 and decrease to 3,700 units in 2006.

## New Brunswick Starts (000's)




Source: CMHC

## In Detail

Single Starts: Weakening demand for new single-family dwellings in rural areas combined with rising construction costs and lot prices in urban centres will cause a slowdown in single starts over the forecast period. Expect single starts to decrease to 2,900 and 2,800 units in 2005 and 2006, respectively.

Multiple Starts: The completion of many rental projects started in 2003 temporarily oversupplied the market in 2004. As a result, many projects initially planned for 2004 have been postponed to 2005. Semi-detached starts will continue to remain strong in 2005 as these units will continue to be very attractive to first-time buyers. Consequently, expect multiple starts to bounce back from 977 units in 2004 to 1,100 units in 2005, but drop to 900 units in 2006.

Resales: An increasing supply of existing homes available for sale in most larger urban centres and a broadening gap between existing and new home prices will cause many households to opt for the resale market. As a result, expect MLS® sales to reach a record level of 6,200 units in 2005 and edge down to 6,100 units in 2006.

Prices: Price growth in 2005 will cool due to a significant rise in listings. Multiple offers on properties will not be as common in 2005. Low mortgage rates will also allow many potential buyers to purchase their first home. Expect the average MLS® price to increase by 3.2 per cent in 2005 and 3.0 per cent in 2006.

## Provincial Highlight

### Spotlight on Greater Saint John

Saint John's economy is expected to perform well over the forecast period. Along with the Irving Oil liquefied natural gas project and the Trans-Canada Pipeline co-generation plant, the refurbishment of the Point Lepreau nuclear power plant could also generate tremendous economic growth in 2005-2006, as this project remains under active consideration. The tourism industry also continues to fuel the local economy. The summer of 2004 was one of, if not the best season ever, for the cruise ship industry. This is mainly due to *Royal Caribbean* bringing 45,000 passengers to visit the Port of Saint John in 2004. Without *Royal Caribbean*'s return in 2005, passenger traffic will decline but remain strong in historical terms. A series of waterfront developments improving the coastline is also noteworthy.

All of these projects will contribute to economic growth and residential construction. Expect total housing starts in Greater Saint John to rise over the next few years.

**Contact: Benoit Champoux (506) 851-2742, bchampou@cmhc-schl.gc.ca**

# Nova Scotia

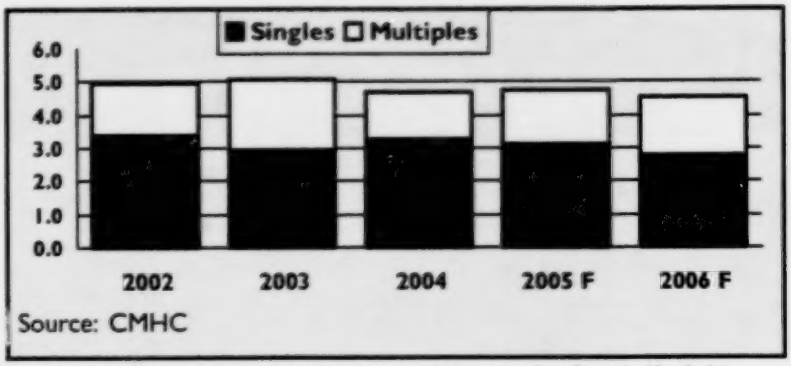
## Overview

### Expect a soft landing

The Nova Scotia housing market will remain below its recent peak in the residential real estate cycle in both 2005 and 2006. However, economic conditions are expected to be sufficiently healthy over the forecast period. Nevertheless, with Nova Scotia's economic performance expected to lag most other provinces, net migration is expected to revert to negative territory, dampening prospects for further housing growth.

Non-residential construction activity will be the main factor contributing to accelerating economic growth through 2005, with projects such as the Bear Head LNG terminal, the Halifax Harbour Clean-Up and the Sydney Tar Ponds Clean-Up complemented by smaller scale commercial and institutional construction projects. While the tourism and manufacturing sectors will face a considerable challenge in adjusting to a higher Canadian dollar, the related likelihood of further delays in interest rate hikes in the first half of this year will certainly be well received by consumers. This solid economic foundation will stimulate additional job creation over the next two years, although at a slower pace than the surprisingly strong rate of growth experienced in 2004.

## Nova Scotia Starts (000's)




Source: CMHC

Pent-up housing demand across the province has now been satisfied and the stimulative impact of historically low mortgage rates on home ownership demand has already largely occurred. Although the economic foundation for housing activity remains solid, it lags the anticipated performance in most other provinces, diminishing the potential for a continued run in housing market growth. After falling 7.4 per cent to 4,717 in 2004, total housing starts are expected to edge up 0.7 per cent this year, settling at 4,750 units in 2005 and then decrease to 4,550 units in 2006.

## In Detail

Single Starts: An increasing inventory of homes for sale and declining home ownership demand will result in a decline in single-detached housing starts. This will be particularly evident in 2006 when the rise in mortgage rates is expected to be more pronounced and the Nova Scotia resale market approaches buyers' conditions. Single starts are expected to fall approximately 5.2 per cent to 3,100 in 2005 and about 9.7 per cent to 2,800 in 2006.

Multiple Starts: After dropping 32 per cent last year, multiple unit starts are forecast to rebound strongly in 2005 and 2006 to 1,650 and 1,750 units, respectively. Condo development in Metro Halifax is expected to accelerate after a brief respite in 2004, while new condo projects are also planned in smaller centers such as Truro, Wolfville and Cape Breton. In addition, rental construction is expected to begin to recover this year from relatively low levels caused by the magnetic first time home ownership conditions of the past three years. The expected implementation of HRM's Regional Plan and its goal to increase the density of development in Metro Halifax over the next 25 years will also play a role in the growth in multiple starts through 2006.

Resales: Resale market activity will continue to soften in Metro Halifax and Northern Nova Scotia and will be joined by most other areas of the province by the end of this year. The slight rise in mortgage rates and out-migration will stifle home ownership demand. After falling below the 9,000 mark last year, MLS sales are forecast to decrease to 8,800 units in 2005 and to 8,550 units in 2006.

Prices: Balanced resale markets and a shift in demand toward first time buyers in 2005 will precipitate a fairly sharp deceleration in MLS sale price growth to 2.2 per cent this year and 3.2 per cent in 2006.

## Provincial Highlight

### Spotlight on Greater Cape Breton

A combination of low mortgage rates and strong job creation are key factors behind the impressive strength of the Cape Breton housing market. Growth in call centre employment in recent years has been a key factor in pulling down the apartment vacancy rate in the Cape Breton Regional Municipality to 5.9 per cent in 2004 from 19.7 per cent in 1997. The resale market is also doing very well, posting over 500 MLS sales in 2004 for only the third time on record. This relatively strong pace of sales is stimulating price growth with the annual average MLS sale price surpassing $68,000 for the first time ever in 2004. Total housing starts activity is particularly impressive with 300 in 2004, a 60% increase over 2003.

**Contact: David McCulloch (902) 426-8465, dmccullo@cmhc-schl.gc.ca**

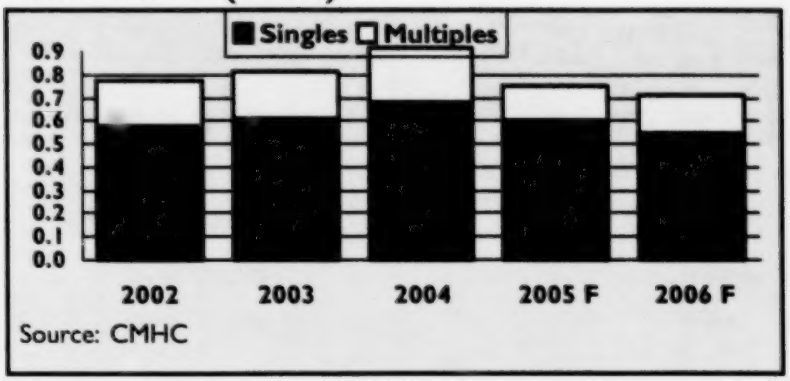
# P.E.I.

## Overview

**Total Housing Starts to Decrease in 2005**

The Island's economy is expected to grow at a moderate rate over the forecast period, as a result of improvements in the resource, manufacturing and tourism sectors. The agriculture industry is expected to advance marginally in 2004, through a normal yield of potatoes and stable prices. The discovery of another case of potato wart in late 2004 may have a negative impact if the US imposes sanctions. Manufacturing is also expected to post gains in 2005, as the seafood-processing industry returns to full production and as the new beef processing plant in Borden comes on-line. After a disappointing year in 2004, a new marketing campaign was launched in order to boost tourism in 2005. The continued strength of the Canadian dollar does pose a risk to this forecast. As much of the Island's exports are destined for American markets, this could dampen demand as the year progresses. At the end of 2004 there was already some indications that certain sectors were starting to feel its effects.

## P.E.I. Starts (000's)




Source: CMHC

The rate of employment and labour force growth on the Island is expected to remain positive over the forecast period. The construction sector, particularly the non-residential component, is expected to create additional employment in 2005. The labour force will also see growth as more Islanders continue to look for work and the influx of positive net migration continues. Total employment is expected to grow by 1.0 per cent in both 2004 and 2005.

Housing starts are expected to remain strong in historical terms this year, as the result of continuing strength of single detached starts in both Charlottetown and Summerside. Nevertheless, housing starts will decline to 750 units in 2005, and to 710 units in 2006.

## In Detail

Single Starts: The construction of single-family homes is expected to remain strong over the forecast period, although 2005 will fall short of the 16-year high set in 2004. Single housing starts are expected to reach 600 and 550 units in 2005 and 2006, respectively.

Multiple Starts: Multiple starts in 2005 are expected to reach 150 units, a decrease of 87 units from 2004, before rising slightly to 160 units in 2006. The decrease this year will come as the construction of apartment units falls back to more normal levels in both the Charlottetown and Summerside markets.

Resales: MLS® sales in PEI have hovered around the 1,200 to 1,500 level for the past seven years. Sales will decrease to 1,450 units in 2005 and 2006. While the demand for existing homes remains strong, the diminished supply of listings in the key price ranges continues to be the main factor limiting an increase in sales.

Prices: After several years of strong price growth, fuelled by a shortage of listings and strong demand for existing homes in the province's urban centres, the average MLS® sales price will increase 2.6 per cent in both 2005 and 2006. The level of growth is not expected to be at the same pace as what was seen in 2004.

## Provincial Highlight

### Spotlight on Non-Residential Construction

Nonresidential construction in PEI should hit a four year high in 2005, as numerous projects are expected to begin in the Charlottetown area. While projects, such as the new Home Depot, Sears Outlet and a new residence on the campus of UPEI will carry over into 2005, several other projects are slated to begin as well. The largest project slated to begin this year is the new Federal Building with a price tag of almost $50-million. This building, which is being billed as the most environmentally friendly building the Canadian government has ever built should get under way in spring.

Maritime Electric is also planning on having their $35 million gas fired turbine completed by the fall of 2005. This turbine will add 50 megawatts of generating capacity to the company's holdings. The generator will operate initially on light fuel oil but can be converted to operate on natural gas should it become available on the Island.

**Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca**

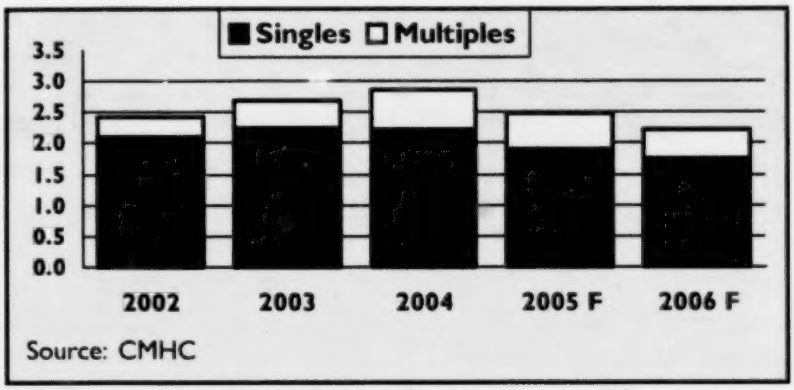
# Newfoundland and Labrador

## Overview

### Economic Growth to Slow in 2005 but Will Bounce Back in 2006

As has been the case in recent years, Newfoundland and Labrador's economic fortunes will remain closely linked to major resource based developments in 2005 and 2006. With oil production forecast to fall slightly and construction work on the Voisey's Bay and White Rose projects drawing to a close, GDP growth will slip to 0.5 per cent in 2005. Production from the White Rose oil field and Voisey's Bay mine is scheduled to commence in late 2005 providing a major boost to economic growth next year with GDP expected to advance by a healthy 4.5 per cent. While recent agreements with the Federal Government on health care and equalization will inject millions of additional dollars to provincial revenues, fiscal restraint measures stemming from a burgeoning debt will likely remain a drag on growth over the medium term. A new deal with the Federal Government on offshore oil and gas revenue sharing has resulted in an immediate windfall of $2.0 billion for the province. Despite this windfall, an accumulated debt of $11.5 billion and an annual operating deficit of $913.6 million in 2003-04 will limit the scope for additional provincial government spending. Reduced activity in the fishery and winding down of construction on Voisey's Bay and White Rose will lower employment growth to 0.5 per cent this year and next. Growth in consumer spending will moderate from recent levels reflecting only modest income gains and rising interest rates. With overall economic prospects significantly diminished from recent years, expect population losses to continue. These conditions will take their toll on housing demand and housing starts will decline to 2,475 units in 2005 and 2,225 units in 2006.

### Newfoundland and Labrador Starts (000's)




Source: CMHC

## In Detail

Single Starts: Slower employment and income growth along with steadily rising inventories of existing homes will have a dampening effect on single-detached construction over the next two years. Higher interest rates and increased building costs will also hamper single starts by boosting mortgage carrying costs. These conditions will maintain the shift to less expensive multi-style units such as townhouses at the expense of singles. Given these conditions, expect single starts to decrease to 1,900 and 1,750 in 2005 and 2006, respectively.

Multiple Starts: The lower price of higher density housing and sustained demand from a growing population of seniors and empty nesters will keep multiple starts active. With construction costs increasing, demand for single-detached homes with basement apartments will also remain strong. Although public sector investment in affordable housing will provide additional support, expect some declines in multiple starts to 575 units in 2005 and to 475 units in 2006.

Resales: Following nine years of growth, provincial MLS ® sales have peaked and will gradually decline to 3,100 units in 2005 and 3,000 units in 2006. The St. John's market will move to balanced conditions in the first half of 2005.

Prices: Expect growth in the average MLS ® house price to slow this year and next in response to increased supply and reduced demand. Gains of 2.3 per cent and 1.5 per cent are forecast in 2005 and 2006, respectively.

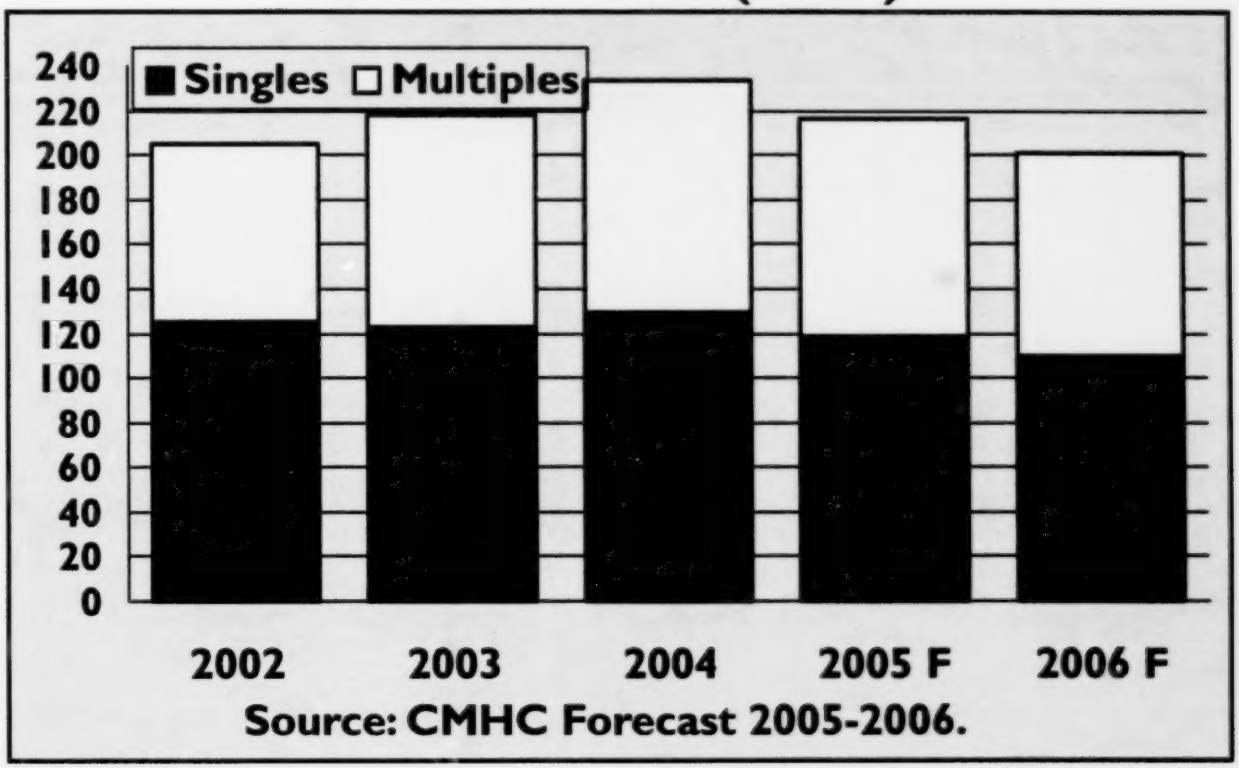
## Provincial Highlight

### Vacancy Rates Higher in Most Markets

With the exception of the Gander area, where the apartment vacancy rate declined to 5.8 per cent, rental markets in all other provincial urban centres posted higher vacancy rates in 2004. Strong home buying activity in the St. John's region, where MLS® sales hit record levels for the sixth consecutive year and housing starts posted their strongest performance since 1973, pushed the apartment vacancy rate to 3.1 per cent in October 2004, up from 2.0 per cent a year earlier. Strikes in the local mining industry were largely responsible for further weakening in the Labrador City-Wabush area which saw its vacancy rate climb to 18.7 per cent last October, up from 16.3 per cent in 2003. Corner Brook remained the tightest market in the province with the vacancy rate inching up to 1.5 per cent from 1.3 per cent in October of 2003. Recent additions to the supply of rental stock and layoffs in the local information technology industry led to a softening market within the Grand Falls-Windsor area, where the vacancy rate edged up to 3.3 per cent in October 2004 from 2.7 per cent a year earlier.

**Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca**

# Canada Starts (000's)




Source: CMHC Forecast 2005-2006.

## Total Housing Starts (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| **NFLD** | **1,459** | **1,788** | **2,419** | **2,692** | **2,870** | **2,475** | **2,225** |
| % | 6.4 | 22.5 | 35.3 | 11.3 | 6.6 | -13.8 | -10.1 |
| **PEI** | **710** | **675** | **775** | **814** | **919** | **750** | **710** |
| % | 15.3 | -4.9 | 14.8 | 5.0 | 12.9 | -18.4 | -5.3 |
| **NS** | **4,432** | **4,092** | **4,970** | **5,096** | **4,717** | **4,750** | **4,550** |
| % | 4.3 | -7.7 | 21.5 | 2.5 | -7.4 | 0.7 | -4.2 |
| **NB** | **3,079** | **3,462** | **3,862** | **4,489** | **3,947** | **4,000** | **3,700** |
| % | 10.9 | 12.4 | 11.6 | 16.2 | -12.1 | 1.3 | -7.5 |
| **QUE** | **24,695** | **27,682** | **42,452** | **50,289** | **58,448** | **49,000** | **44,000** |
| % | -4.1 | 12.1 | 53.4 | 18.5 | 16.2 | -16.2 | -10.2 |
| **ONT** | **71,521** | **73,282** | **83,597** | **85,180** | **85,114** | **80,500** | **75,000** |
| % | 6.4 | 2.5 | 14.1 | 1.9 | -0.1 | -5.4 | -6.8 |
| **MAN** | **2,560** | **2,963** | **3,617** | **4,206** | **4,440** | **4,400** | **4,800** |
| % | -18.3 | 15.7 | 22.1 | 16.3 | 5.6 | -0.9 | 9.1 |
| **SASK** | **2,513** | **2,381** | **2,963** | **3,315** | **3,781** | **3,850** | **3,500** |
| % | -18.6 | -5.3 | 24.4 | 11.9 | 14.1 | 1.8 | -9.1 |
| **ALTA** | **26,266** | **29,174** | **38,754** | **36,171** | **36,270** | **33,000** | **31,500** |
| % | 3.2 | 11.1 | 32.8 | -6.7 | 0.3 | -9.0 | -4.5 |
| **BC** | **14,418** | **17,234** | **21,625** | **26,174** | **32,925** | **33,600** | **31,100** |
| % | -11.6 | 19.5 | 25.5 | 21.0 | 25.8 | 2.1 | -7.4 |
| **Canada** | **151,653** | **162,733** | **205,034** | **218,426** | **233,431** | ***216,300** | ***201,100** |
| % | 1.1 | 7.3 | 26.0 | 6.5 | 6.9 | -7.3 | -7.0 |

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

## Single-detached Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| **NFLD** | **1,315** | **1,598** | **2,092** | **2,240** | **2,229** | **1,900** | **1,750** |
| % | 6.7 | 21.5 | 30.9 | 7.1 | -0.5 | -14.8 | -7.9 |
| **PEI** | **614** | **551** | **582** | **613** | **682** | **600** | **550** |
| % | 30.1 | -10.3 | 5.6 | 5.3 | 11.3 | -12.0 | -8.3 |
| **NS** | **2,856** | **2,761** | **3,363** | **2,968** | **3,270** | **3,100** | **2,800** |
| % | -14.6 | -3.3 | 21.8 | -11.7 | 10.2 | -5.2 | -9.7 |
| **NB** | **2,442** | **2,573** | **2,769** | **3,139** | **2,970** | **2,900** | **2,800** |
| % | 10.9 | 5.4 | 7.6 | 13.4 | -5.4 | -2.4 | -3.4 |
| **QUE** | **15,349** | **17,193** | **25,257** | **27,225** | **28,871** | **25,500** | **23,500** |
| % | -2.8 | 12.0 | 46.9 | 7.8 | 6.0 | -11.7 | -7.8 |
| **ONT** | **41,087** | **39,632** | **51,114** | **47,610** | **48,929** | **45,000** | **41,000** |
| % | 4.2 | -3.5 | 29.0 | -6.9 | 2.8 | -8.0 | -8.9 |
| **MAN** | **2,348** | **2,460** | **3,016** | **3,165** | **3,484** | **3,500** | **3,800** |
| % | 5.2 | 4.8 | 22.6 | 4.9 | 10.1 | 0.5 | 8.6 |
| **SASK** | **1,890** | **1,627** | **1,931** | **2,097** | **2,193** | **2,200** | **2,200** |
| % | -8.7 | -13.9 | 18.7 | 8.6 | 4.6 | 0.3 | 0.0 |
| **ALTA** | **16,835** | **19,769** | **24,520** | **21,918** | **22,487** | **20,000** | **19,000** |
| % | 0.9 | 17.4 | 24.0 | -10.6 | 2.6 | -11.1 | -5.0 |
| **BC** | **7,448** | **7,862** | **10,730** | **12,252** | **14,056** | **13,800** | **12,600** |
| % | -14.7 | 5.6 | 36.5 | 14.2 | 14.7 | -1.8 | -8.7 |
| **CAN** | **92,184** | **96,026** | **125,374** | **123,227** | **129,171** | ***118,500** | ***110,000** |
| % | 0.0 | 4.2 | 30.6 | -1.7 | 4.8 | -8.3 | -7.2 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| **NFLD** | **144** | **190** | **327** | **452** | **641** | **575** | **475** |
| % | 4.3 | 31.9 | 72.1 | 38.2 | 41.8 | -10.3 | -17.4 |
| **PEI** | **96** | **124** | **193** | **201** | **237** | **150** | **160** |
| % | -33.3 | 29.2 | 55.6 | 4.1 | 17.9 | -36.7 | 6.7 |
| **NS** | **1,576** | **1,331** | **1,607** | **2,128** | **1,447** | **1,650** | **1,750** |
| % | 74.1 | -15.5 | 20.7 | 32.4 | -32.0 | 14.0 | 6.1 |
| **NB** | **637** | **889** | **1,093** | **1,350** | **977** | **1,100** | **900** |
| % | 10.8 | 39.6 | 22.9 | 23.5 | -27.6 | 12.6 | -18.2 |
| **QUE** | **9,346** | **10,489** | **17,195** | **23,064** | **29,577** | **23,500** | **20,500** |
| % | -6.0 | 12.2 | 63.9 | 34.1 | 28.2 | -20.5 | -12.8 |
| **ONT** | **30,434** | **33,650** | **32,483** | **37,570** | **36,185** | **35,500** | **34,000** |
| % | 9.4 | 10.6 | -3.5 | 15.7 | -3.7 | -1.9 | -4.2 |
| **MAN** | **212** | **503** | **601** | **1,041** | **956** | **900** | **1000** |
| % | -76.5 | 137.3 | 19.5 | 73.2 | -8.2 | -5.9 | 11.1 |
| **SASK** | **623** | **754** | **1,032** | **1,218** | **1,588** | **1,650** | **1,300** |
| % | -38.9 | 21.0 | 36.9 | 18.0 | 30.4 | 3.9 | -21.2 |
| **ALTA** | **9,431** | **9,405** | **14,234** | **14,253** | **13,783** | **13,000** | **12,500** |
| | 7.7 | -0.3 | 51.3 | 0.1 | -3.3 | -5.7 | -3.8 |
| **BC** | **6,970** | **9,372** | **10,895** | **13,922** | **18,869** | **19,800** | **18,500** |
| % | -8.0 | 34.5 | 16.3 | 27.8 | 35.5 | 4.9 | -6.6 |
| **CAN** | **59,469** | **66,707** | **79,660** | ***95,199** | **104,260** | **97,800** | **91,100** |
| % | 2.9 | 12.2 | 19.4 | 19.5 | 9.6 | -6.2 | -6.9 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Housing Starts by Type (Units)

| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|---|
| NF | Semi-detached | 44 | 30 | 36 | 66 | 264 | 200 | 150 |
| | Row | 23 | 36 | 42 | 107 | 51 | 55 | 50 |
| | Apartment | 77 | 124 | 249 | 279 | 326 | 320 | 275 |
| | Total | 144 | 190 | 327 | 452 | 641 | 575 | 475 |
| PEI | Semi-detached | 46 | 56 | 64 | 72 | 76 | 60 | 50 |
| | Row | 21 | 10 | 47 | 40 | 80 | 30 | 40 |
| | Apartment | 29 | 58 | 82 | 89 | 81 | 60 | 70 |
| | Total | 96 | 124 | 193 | 201 | 237 | 150 | 160 |
| NS | Semi-detached | 266 | 228 | 253 | 338 | 266 | 250 | 215 |
| | Row | 17 | 40 | 144 | 277 | 186 | 225 | 260 |
| | Apartment | 1,293 | 1,063 | 1,210 | 1,513 | 995 | 1,175 | 1,275 |
| | Total | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,650 | 1,750 |
| NB | Semi-detached | 113 | 114 | 186 | 254 | 293 | 350 | 300 |
| | Row | 26 | 153 | 68 | 143 | 256 | 155 | 100 |
| | Apartment | 498 | 622 | 839 | 953 | 428 | 595 | 500 |
| | Total | 637 | 889 | 1,093 | 1,350 | 977 | 1,100 | 900 |
| QC | Semi-detached | 1,291 | 1,309 | 1,855 | 2,432 | 2,932 | 2,500 | 2,400 |
| | Row | 858 | 869 | 964 | 773 | 1,109 | 900 | 800 |
| | Apartment | 7,197 | 8,311 | 14,376 | 19,859 | 25,536 | 20,100 | 17,300 |
| | Total | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 23,500 | 20,500 |
| ON | Semi-detached | 7,167 | 7,106 | 6,886 | 6,379 | 5,172 | 3,800 | 3,500 |
| | Row | 10,846 | 10,269 | 11,849 | 12,191 | 12,824 | 13,200 | 13,000 |
| | Apartment | 12,421 | 16,275 | 13,748 | 19,000 | 18,189 | 18,500 | 17,500 |
| | Total | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 35,500 | 34,000 |
| MAN | Semi-detached | 52 | 51 | 68 | 88 | 132 | 90 | 70 |
| | Row | 63 | 84 | 76 | 62 | 92 | 70 | 80 |
| | Apartment | 97 | 368 | 457 | 891 | 732 | 740 | 850 |
| | Total | 212 | 503 | 601 | 1,041 | 956 | 900 | 1,000 |
| SK | Semi-detached | 148 | 116 | 142 | 95 | 184 | 150 | 150 |
| | Row | 173 | 240 | 456 | 594 | 681 | 600 | 350 |
| | Apartment | 302 | 398 | 434 | 529 | 723 | 900 | 800 |
| | Total | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,650 | 1,300 |
| ALB | Semi-detached | 1,518 | 1,957 | 2,869 | 2,567 | 2,916 | 2,950 | 3,500 |
| | Row | 1,545 | 1,779 | 2,531 | 2,859 | 2,401 | 2,350 | 2,800 |
| | Apartment | 6,368 | 5,669 | 8,834 | 8,827 | 8,466 | 7,700 | 6,200 |
| | Total | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 13,000 | 12,500 |
| B.C. | Semi-detached | 885 | 916 | 1,225 | 1,353 | 2,062 | 2,200 | 2,000 |
| | Row | 1,675 | 1,686 | 2,305 | 3,297 | 4,387 | 4,500 | 4,100 |
| | Apartment | 4,410 | 6,770 | 7,365 | 9,272 | 12,420 | 13,100 | 12,400 |
| | Total | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 19,800 | 18,500 |
| CAN | Semi-detached | 11,530 | 11,883 | 13,584 | 13,644 | 14,297 | 12,550 | 12,335 |
| | Row | 15,247 | 15,166 | 18,482 | 20,343 | 22,067 | 22,085 | 21,580 |
| | Apartment | 32,692 | 39,658 | 47,594 | 61,212 | 67,896 | 63,190 | 57,170 |
| | Total | 59,469 | 66,707 | 79,660 | *95,199 | 104,260 | 97,800 | 91,100 |

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

## Total Residential Resales
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 2,593 | 2,808 | 3,014 | 3,238 | 3,380 | 3,100 | 3,000 |
| % | 6.4 | 8.3 | 7.3 | 7.4 | 4.4 | -8.3 | -3.2 |
| PEI | 1,206 | 1,234 | 1,306 | 1,404 | 1,500 | 1,450 | 1,450 |
| % | 1.9 | 2.3 | 5.8 | 7.5 | 6.8 | -3.3 | 0.0 |
| NS | 8,577 | 9,441 | 10,243 | 9,221 | 8,873 | 8,800 | 8,550 |
| % | -2.8 | 10.1 | 8.5 | -10.0 | -3.8 | -0.8 | -2.8 |
| NB | 4,524 | 4,779 | 5,089 | 5,489 | 5,979 | 6,200 | 6,100 |
| % | 3.4 | 5.6 | 6.5 | 7.9 | 8.9 | 3.7 | -1.6 |
| QUE | 54,160 | 62,351 | 67,179 | 67,481 | 64,907 | 61,000 | 58,000 |
| % | 8.8 | 15.1 | 7.7 | 0.4 | -3.8 | -6.0 | -4.9 |
| ONT | 147,158 | 162,318 | 178,058 | 184,457 | 197,354 | 196,000 | 188,000 |
| % | -1.0 | 10.3 | 9.7 | 3.6 | 7.0 | -0.7 | -4.1 |
| MAN | 10,612 | 11,440 | 11,108 | 11,523 | 12,098 | 13,000 | 13,800 |
| % | -2.3 | 7.8 | -2.9 | 3.7 | 5.0 | 7.5 | 6.2 |
| SASK | 7,552 | 7,971 | 7,933 | 7,698 | 8,172 | 8,500 | 8,800 |
| % | -6.2 | 5.5 | -0.5 | -3.0 | 6.2 | 4.0 | 3.5 |
| ALTA | 43,311 | 48,989 | 51,042 | 51,334 | 57,460 | 57,000 | 54,000 |
| % | 1.5 | 13.1 | 4.2 | 0.6 | 11.9 | -0.8 | -5.3 |
| BC | 54,179 | 69,554 | 82,737 | 93,095 | 96,385 | 90,000 | 85,600 |
| % | -6.7 | 28.4 | 19.0 | 12.5 | 3.5 | -6.6 | -4.9 |
| CAN** | 333,872 | 380,885 | 417,709 | 434,940 | 456,108 | *445,100 | *427,300 |
| % | -0.3 | 14.1 | 9.7 | 4.1 | 4.9 | -2.4 | -4.0 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Average Residential Resale Price
## (dollars and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 99,525 | 104,376 | 113,081 | 119,822 | 130,096 | 133,000 | 135,000 |
| % | 5.5 | 4.9 | 8.3 | 6.0 | 8.6 | 2.2 | 1.5 |
| PEI | 82,883 | 87,696 | 94,964 | 101,745 | 110,815 | 113,750 | 116,750 |
| % | 0.9 | 5.8 | 8.3 | 7.1 | 8.9 | 2.6 | 2.6 |
| NS | 109,839 | 115,485 | 126,669 | 136,292 | 146,096 | 149,250 | 154,000 |
| % | 7.0 | 5.1 | 9.7 | 7.6 | 7.2 | 2.2 | 3.2 |
| NB | 91,624 | 95,947 | 100,129 | 105,858 | 112,933 | 116,500 | 120,000 |
| % | 4.0 | 4.7 | 4.4 | 5.7 | 6.7 | 3.2 | 3.0 |
| QUE | 111,296 | 115,820 | 130,913 | 152,042 | 173,725 | 186,000 | 194,000 |
| % | 3.5 | 4.1 | 13.0 | 16.1 | 14.3 | 7.1 | 4.3 |
| ONT | 183,841 | 193,357 | 210,901 | 226,824 | 245,229 | 260,000 | 270,000 |
| % | 5.6 | 5.2 | 9.1 | 7.5 | 8.1 | 6.0 | 3.8 |
| MAN | 87,884 | 93,192 | 96,531 | 106,788 | 119,245 | 128,000 | 134,000 |
| % | 1.7 | 6.0 | 3.6 | 10.6 | 11.7 | 7.3 | 4.7 |
| SASK | 94,047 | 98,310 | 101,297 | 104,995 | 110,824 | 115,000 | 120,000 |
| % | 2.9 | 4.5 | 3.0 | 3.7 | 5.6 | 3.8 | 4.3 |
| ALTA | 146,258 | 153,737 | 170,253 | 182,845 | 194,769 | 206,000 | 218,000 |
| % | 4.8 | 5.1 | 10.7 | 7.4 | 6.5 | 5.8 | 5.8 |
| BC | 221,371 | 222,822 | 238,877 | 259,968 | 289,107 | 308,000 | 315,000 |
| % | 2.8 | 0.7 | 7.2 | 8.8 | 11.2 | 6.5 | 2.3 |
| CAN** | 164,036 | 171,801 | 189,005 | 207,142 | 227,261 | 240,500 | 248,700 |
| % | 3.7 | 4.7 | 10.0 | 9.6 | 9.7 | 5.8 | 3.4 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Employment (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -0.2 | 3.3 | 1.2 | 1.8 | 1.4 | 0.5 | 0.5 |
| PEI | 5.3 | 2.0 | 1.8 | 2.6 | 1.0 | 1.0 | 1.0 |
| NS | 2.7 | 0.9 | 1.2 | 1.7 | 2.4 | 1.5 | 1.2 |
| NB | 1.8 | 0.0 | 3.3 | -0.2 | 2.3 | 1.0 | 1.2 |
| QUE | 2.4 | 1.1 | 3.4 | 1.6 | 1.5 | 1.7 | 1.9 |
| ONT | 3.2 | 1.5 | 1.8 | 2.6 | 1.7 | 1.7 | 2.0 |
| MAN | 2.2 | 0.6 | 1.6 | 0.3 | 1.2 | 1.3 | 1.6 |
| SASK | 1.0 | -2.6 | 2.0 | 1.0 | 0.7 | 1.3 | 1.4 |
| ALTA | 2.3 | 2.8 | 2.6 | 2.9 | 1.9 | 2.1 | 2.1 |
| BC | 2.2 | -0.3 | 1.6 | 2.5 | 2.4 | 2.2 | 2.0 |
| CAN | 2.6 | 1.1 | 2.2 | 2.2 | 1.7 | 1.7 | 1.9 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Unemployment Rate (percent)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 16.7 | 16.1 | 17.0 | 16.7 | 16.0 | 15.9 | 15.9 |
| PEI | 12.0 | 11.9 | 12.1 | 11.0 | 11.4 | 11.4 | 11.4 |
| NS | 9.1 | 9.7 | 9.7 | 9.3 | 9.0 | 9.0 | 9.0 |
| NB | 10.0 | 11.2 | 10.5 | 10.6 | 9.9 | 9.9 | 9.8 |
| QUE | 8.4 | 8.7 | 8.6 | 9.1 | 8.4 | 8.3 | 8.0 |
| ONT | 5.7 | 6.3 | 7.1 | 7.0 | 6.8 | 6.7 | 6.6 |
| MAN | 4.9 | 5.0 | 5.2 | 5.0 | 5.3 | 5.2 | 4.9 |
| SASK | 5.2 | 5.8 | 5.6 | 5.6 | 5.4 | 5.2 | 5.2 |
| ALTA | 5.0 | 4.6 | 5.3 | 5.1 | 4.7 | 4.6 | 4.6 |
| BC | 7.2 | 7.7 | 8.5 | 8.1 | 7.3 | 6.7 | 6.5 |
| CAN | 6.8 | 7.2 | 7.6 | 7.6 | 7.2 | 7.1 | 6.9 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Real Gross Domestic Product (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 5.2 | 1.3 | 16.7 | 6.8 | 1.5 | 0.5 | 4.5 |
| PEI | 1.9 | -0.3 | 6.1 | 1.9 | 1.0 | 1.5 | 2.0 |
| NS | 3.1 | 2.9 | 5.2 | 1.2 | 2.2 | 2.7 | 3.0 |
| NB | 2.1 | 1.3 | 4.8 | 2.5 | 2.8 | 3.0 | 2.7 |
| QUE | 4.3 | 1.1 | 4.1 | 1.9 | 2.9 | 3.0 | 3.1 |
| ONT | 5.9 | 2.0 | 3.4 | 1.6 | 2.8 | 3.1 | 3.3 |
| MAN | 4.3 | 0.8 | 2.2 | 1.5 | 2.8 | 3.0 | 3.1 |
| SASK | 2.6 | -1.8 | -0.3 | 4.5 | 3.0 | 2.9 | 2.9 |
| ALTA | 6.1 | 1.6 | 2.4 | 2.7 | 4.5 | 3.8 | 4.1 |
| BC | 4.6 | 0.9 | 3.3 | 2.5 | 3.0 | 3.2 | 3.3 |
| CAN | 5.2 | 1.8 | 3.4 | 2.0 | 2.7 | 3.0 | 3.2 |

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

## Total Net Migration* (persons)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -4,725 | -3,765 | -2,718 | -454 | -2,300 | -2,000 | -2,000 |
| PEI | 20 | 357 | 151 | 461 | 100 | 125 | 225 |
| NS | -564 | -195 | 1,068 | 1,484 | 850 | 350 | 0 |
| NB | -1,411 | -1,175 | 543 | -761 | 200 | 200 | 0 |
| QUE | 14,848 | 27,730 | 28,012 | 31,515 | 37,000 | 38,000 | 39,000 |
| ONT | 151,099 | 162,871 | 134,176 | 101,198 | 95,000 | 98,000 | 102,000 |
| MAN | -377 | -807 | 1,722 | 3,245 | 5,960 | 6,250 | 6,750 |
| SASK | -7,648 | -7,675 | -6,334 | -2,998 | -1,800 | -1,750 | -1,350 |
| ALTA | 34,012 | 38,273 | 29,100 | 22,395 | 24,900 | 25,400 | 26,200 |
| BC | 14,483 | 28,700 | 23,105 | 31,660 | 35,000 | 38,000 | 41,500 |
| CAN** | 199,737 | 244,314 | 208,825 | 187,745 | 194,910 | *202,575 | *212,325 |

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index, annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Victoria | 2004 | 2,363 | 1,038 | 9.0 | 7,685 | 325,412 | 0.6 |
| | 2005(F) | 2,400 | 1,020 | 7.5 | 7,750 | 355,000 | 1.2 |
| | 2006(F) | 2,100 | 950 | 6.0 | 7,500 | 360,000 | 2.1 |
| Vancouver | 2004 | 19,430 | 5,614 | 5.0 | 37,972 | 373,877 | 1.3 |
| | 2005(F) | 20,000 | 5,400 | 5.2 | 36,000 | 395,000 | 1.5 |
| | 2006(F) | 19,000 | 5,200 | 5.0 | 35,000 | 415,000 | 1.5 |
| Abbotsford | 2004 | 1,083 | 607 | n.a. | 3,740 | 232,175 | 2.8 |
| | 2005(F) | 1,100 | 600 | na | 3,700 | 245,000 | 3.0 |
| | 2006(F) | 1,050 | 580 | na | 3,500 | 250,000 | 2.5 |
| Edmonton | 2004 | 11,488 | 6,614 | 4.0 | 17,652 | 179,610 | 5.3 |
| | 2005(F) | 10,200 | 6,000 | 4.0 | 17,000 | 190,000 | 4.5 |
| | 2006(F) | 9,750 | 5,750 | 4.0 | 16,500 | 199,000 | 4.0 |
| Calgary | 2004 | 14,008 | 8,233 | 5.6 | 26,511 | 222,860 | 4.3 |
| | 2005(F) | 12,600 | 7,600 | 4.0 | 25,000 | 234,000 | 4.0 |
| | 2006(F) | 11,750 | 7,100 | 4.0 | 24,500 | 244,500 | 4.0 |
| Saskatoon | 2004 | 1,578 | 753 | 4.7 | 2,999 | 132,549 | 6.3 |
| | 2005(F) | 1,550 | 700 | 5.0 | 3,200 | 138,000 | 4.5 |
| | 2006(F) | 1,300 | 700 | 5.0 | 3,400 | 144,000 | 4.0 |
| Regina | 2004 | 1,242 | 605 | 6.5 | 2,785 | 111,869 | 2.7 |
| | 2005(F) | 1,250 | 600 | 7.0 | 2,900 | 115,500 | 2.7 |
| | 2006(F) | 1,150 | 550 | 6.0 | 3,000 | 121,000 | 3.5 |
| Winnipeg | 2004 | 2,489 | 1,882 | 6.4 | 10,797 | 121,925 | 1.1 |
| | 2005(F) | 2,550 | 1,800 | 8.0 | 11,700 | 132,000 | 1.3 |
| | 2006(F) | 2,750 | 1,950 | 6.0 | 12,500 | 141,000 | 1.5 |
| Thunder Bay | 2004 | 287 | 241 | 1.8 | 1,453 | 112,500 | 5.0 |
| | 2005(F) | 280 | 230 | 1.5 | 1,380 | 113,625 | 5.5 |
| | 2006(F) | 230 | 220 | 1.0 | 1,408 | 114,193 | 6.0 |
| Sudbury | 2004 | 388 | 374 | 1.8 | 2,500 | 122,866 | 2.6 |
| | 2005(F) | 390 | 340 | 1.5 | 2,600 | 125,937 | 2.0 |
| | 2006(F) | 370 | 320 | 1.0 | 2,488 | 127,499 | 2.5 |
| Windsor | 2004 | 2,287 | 1,539 | 0.4 | 5,832 | 159,597 | 8.8 |
| | 2005(F) | 2,055 | 1,400 | 0.8 | 5,500 | 165,000 | 6.5 |
| | 2006(F) | 2,145 | 1,400 | 1.7 | 5,600 | 170,000 | 6.0 |
| London | 2004 | 3,078 | 2,336 | 4.7 | 9,238 | 167,344 | 3.7 |
| | 2005(F) | 3,296 | 1,945 | 3.6 | 8,290 | 173,500 | 4.2 |
| | 2006(F) | 2,445 | 1,825 | 3.0 | 7,940 | 176,000 | 4.0 |
| Kitchener | 2004 | 3,912 | 2,374 | 4.0 | 5,931 | 205,639 | 3.5 |
| | 2005(F) | 3,695 | 2,275 | 4.0 | 6,000 | 219,000 | 3.2 |
| | 2006(F) | 3,500 | 2,150 | 3.9 | 5,900 | 230,000 | 3.0 |
| St. Catharines-Niagara | 2004 | 1,781 | 1,292 | 6.7 | 6,723 | 170,425 | 2.6 |
| | 2005(F) | 1,620 | 1,245 | 6.0 | 6,600 | 182,000 | 2.2 |
| | 2006(F) | 1,590 | 1,150 | 5.0 | 6,250 | 191,500 | 2.0 |
| Hamilton | 2004 | 4,093 | 1,995 | 6.4 | 13,176 | 215,922 | 3.4 |
| | 2005(F) | 4,550 | 2,100 | 6.5 | 13,500 | 227,000 | 3.0 |
| | 2006(F) | 4,300 | 2,000 | 6.6 | 13,300 | 237,000 | 2.5 |
| Toronto | 2004 | 42,115 | 19,076 | 6.0 | 84,854 | 315,266 | 4.3 |
| | 2005(F) | 38,500 | 17,000 | 6.5 | 86,000 | 331,000 | 5.0 |
| | 2006(F) | 35,000 | 15,000 | 7.0 | 83,000 | 341,000 | 5.5 |

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate Structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Oshawa* | 2004 | 3,153 | 2,356 | na | 9,818 | 237,821 | 3.4 |
| | 2005(F) | 3,230 | 2,300 | na | 9,100 | 250,000 | 3.2 |
| | 2006(F) | 3,180 | 2,200 | na | 8,600 | 260,000 | 3.0 |
| Kingston | 2004 | 872 | 701 | na | 3,764 | 175,821 | 2.4 |
| | 2005(F) | 630 | 600 | na | 3,650 | 184,000 | 2.5 |
| | 2006(F) | 600 | 580 | na | 3,600 | 189,000 | 2.4 |
| Ottawa | 2004 | 7,243 | 3,245 | 6.6 | 13,457 | 238,152 | 3.9 |
| | 2005(F) | 6,300 | 2,900 | 5.5 | 12,800 | 249,000 | 3.0 |
| | 2006(F) | 5,900 | 2,600 | 5.0 | 12,400 | 257,000 | 2.9 |
| Gatineau | 2004 | 3,227 | 1,561 | 3.8 | 4,354 | 138,843 | 2.1 |
| | 2005(F) | 2,500 | 1,450 | 3.0 | 4,200 | 152,000 | 2.3 |
| | 2006(F) | 2,200 | 1,300 | 2.5 | 4,000 | 160,000 | 2.8 |
| Montréal | 2004 | 28,673 | 10,578 | 7.0 | 36,022 | 211,645 | 1.5 |
| | 2005(F) | 24,500 | 9,000 | 6.0 | 34,000 | 226,000 | 2.0 |
| | 2006(F) | 21,600 | 8,000 | 5.0 | 32,000 | 237,000 | 2.5 |
| Trois-Rivières | 2004 | 874 | 384 | na | 816 | 102,021 | 1.2 |
| | 2005(F) | 600 | 250 | na | 730 | 104,000 | 3.0 |
| | 2006(F) | 550 | 200 | na | 680 | 109,000 | 3.0 |
| Sherbrooke | 2004 | 1,355 | 521 | na | 1,250 | 131,000 | 0.9 |
| | 2005(F) | 1,000 | 475 | na | 1,150 | 140,000 | 1.2 |
| | 2006(F) | 900 | 400 | na | 1,000 | 143,000 | 1.4 |
| Quebec | 2004 | 6,186 | 2,704 | 6.0 | 6,800 | 135,000 | 1.1 |
| | 2005(F) | 5,300 | 2,600 | 5.0 | 6,150 | 149,000 | 1.8 |
| | 2006(F) | 4,500 | 2,300 | 3.0 | 6,250 | 154,000 | 2.2 |
| Saguenay | 2004 | 347 | 244 | na | 1,077 | 100,000 | 5.3 |
| | 2005(F) | 380 | 250 | na | 1,080 | 101,000 | 5.5 |
| | 2006(F) | 350 | 240 | na | 1,050 | 103,000 | 5.4 |
| Saint John | 2004 | 516 | 387 | 1.7 | 1,600 | 117,000 | 5.8 |
| | 2005(F) | 550 | 405 | 1.5 | 1,650 | 118,000 | 5.5 |
| | 2006(F) | 600 | 390 | 1.5 | 1,600 | 123,000 | 5.0 |
| Halifax | 2004 | 2,627 | 1,510 | 2.1 | 5,526 | 175,070 | 2.9 |
| | 2005(F) | 2,750 | 1,425 | 1.8 | 5,400 | 179,000 | 2.7 |
| | 2006(F) | 2,700 | 1,250 | 2.2 | 5,200 | 186,000 | 2.3 |
| St. John's | 2004 | 1,834 | 1,275 | 5.0 | 3,203 | 132,993 | 3.1 |
| | 2005(F) | 1,600 | 1,100 | 4.0 | 2,900 | 135,000 | 3.5 |
| | 2006(F) | 1,500 | 1,000 | 3.0 | 2,800 | 137,000 | 4.0 |
| Charlottetown | 2004 | 490 | 331 | 3.5 | 521 | 139,988 | 4.5 |
| | 2005(F) | 415 | 290 | 3.0 | 500 | 141,000 | 4.0 |
| | 2006(F) | 400 | 275 | 3.0 | 500 | 142,500 | 3.8 |
| ALL METRO AREAS | 2004 | 169,019 | 80,370 | 4.8 | 328,056 | | 2.7 |
| | 2005(F) | 155,791 | 73,300 | 5.5 | 320,430 | | 3.0 |
| | 2006(F) | 143,410 | 67,580 | 5.5 | 311,466 | | 3.2 |

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.
*MLS® numbers reflect all of Durham Region
n.a.: data not available

## Major Housing Indicators
## Seasonally Adjusted Annual Rates
## (levels and quarterly percent change)

| | 03:Q1 | 03:Q2 | 03:Q3 | 03:Q4 | 04:Q1 | 04:Q2 | 04:Q3 | 04:Q4 |
|---|---|---|---|---|---|---|---|---|
| **New housing** | | | | | | | | |
| Building permits, units, thousands | 210.4 | 215.5 | 232.0 | 232.0 | 231.9 | 252.8 | 245.1 | n.a. |
| % | -1.9 | 2.4 | 7.7 | 0.0 | -0.0 | 9.0 | -3.0 | n.a. |
| Housing starts, total, thousands | 221.1 | 203.1 | 228.0 | 225.6 | 224.0 | 232.4 | 236.3 | 236.9 |
| % | 4.8 | -8.1 | 12.3 | -1.1 | -0.7 | 3.8 | 1.7 | 0.3 |
| Housing starts, singles, thousands | 122.1 | 119.5 | 123.9 | 127.5 | 128.4 | 125.8 | 133.3 | 129.3 |
| % | -4.5 | -2.1 | 3.7 | 2.9 | 0.7 | -2.0 | 6.0 | -3.0 |
| Housing starts, multiples, thousands | 99.0 | 83.6 | 104.1 | 98.1 | 95.6 | 106.6 | 103.0 | 107.6 |
| % | 19.3 | -15.6 | 24.5 | -5.8 | -2.5 | 11.5 | -3.4 | 4.5 |
| Housing completions, total, thousands | 40.8 | 47.8 | 55.7 | 55.0 | 45.3 | 48.6 | 61.6 | 60.0 |
| % | -24.9 | 17.3 | 16.4 | 1.2 | 11.1 | 7.4 | 26.7 | -2.6 |
| New house price index, 1997=100 | 114.6 | 115.9 | 117.3 | 119.0 | 120.4 | 122.6 | 124.2 | n.a. |
| % | 1.1 | 1.1 | 1.2 | 1.5 | 1.1 | 1.9 | 1.3 | n.a. |
| **Existing housing** | | | | | | | | |
| MLS® resales, units, thousands | 416.7 | 413.0 | 463.8 | 448.2 | 451.4 | 473.4 | 455.0 | 446.2 |
| % | 2.1 | -0.9 | 12.3 | -3.4 | 0.7 | 4.9 | -3.9 | -1.9 |
| MLS® average resale price, $C thousands | 199,703 | 201,907 | 209,982 | 215,747 | 220,639 | 227,297 | 226,813 | 234,172 |
| % | 2.6 | 1.1 | 4.0 | 2.7 | 2.3 | 3.0 | -0.2 | 3.2 |
| **Mortgage market** | | | | | | | | |
| 1-year mortgage rate, per cent* | 5.05 | 5.08 | 4.55 | 4.68 | 4.30 | 4.57 | 4.60 | 4.90 |
| 5-year mortgage rate, per cent* | 6.63 | 6.20 | 6.28 | 6.45 | 5.85 | 6.45 | 6.38 | 6.25 |
| **Residential investment**** | | | | | | | | |
| Total, $1997 billions | 60.8 | 60.7 | 63.5 | 64.8 | 66.2 | 67.2 | 67.8 | n.a. |
| % | 1.6 | -0.1 | 4.6 | 2.0 | 2.2 | 1.6 | 0.8 | n.a. |
| New, $1997 billions | 30.3 | 29.7 | 30.7 | 32.1 | 32.7 | 33.0 | 33.4 | n.a. |
| % | -0.2 | -2.1 | 3.4 | 4.7 | 1.8 | 1.0 | 1.2 | n.a. |
| Alterations, $1997 billions | 21.8 | 22.5 | 22.9 | 23.3 | 24.0 | 24.1 | 24.8 | n.a. |
| % | 3.8 | 3.3 | 1.4 | 1.8 | 3.0 | 0.5 | 2.9 | n.a. |
| Transfer costs, $1997 billions | 8.71 | 8.67 | 9.97 | 9.46 | 9.60 | 10.15 | 9.73 | n.a. |
| % | 2.8 | -0.4 | 15.0 | -5.1 | 1.4 | 5.8 | -4.1 | n.a. |
| Deflator, 1997=100 | 116.2 | 117.4 | 119.1 | 121.0 | 122.0 | 124.9 | 125.9 | n.a. |
| % | 0.7 | 1.0 | 1.5 | 1.6 | 0.8 | 2.3 | 0.9 | n.a. |

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

# 2ND QUARTER

# 2E TRIMESTRE

Micromedia ProQuest

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel: (416) 362-5211
Toll free: 1-800-387-2689
Fax: (416) 362-6161

# HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

## Housing starts will begin to taper off

Second Quarter 2005

### Overview

***Housing starts:***

***2005: 216,400***

***2006: 200,200***

***Resales:***

***2005: 441,100***

***2006: 425,300***

**Housing starts:** Housing starts will slow in 2005 to 216,400 units, to post their third highest level in 17 years. Starts will continue to edge lower in 2006, to 200,200 units. The decrease in starts will reflect a slight rise in mortgage rates and less spillover demand due to more balanced conditions in the existing home market.

**Resales:** Sales of existing homes will decrease to 441,100 units in 2005 and to 425,300 units in 2006 due to both rising house prices and the slight increase in mortgage rates.

**Resale prices:** As resale markets move from sellers' conditions toward more balanced conditions growth in house prices will slow. (Details on Page 3)

### The Nation's HOT SPOT

**British Columbia:**

The British Columbia economy is growing above its potential, and its labour market will improve alongside a growing economy. As a result, housing starts will increase to over 33,000 units in 2005. (Details on Page 9)


3 NATIONAL OUTLOOK

4 TRENDS IMPACTING HOUSING

6 SPECIAL REPORT: Long-term outlook 2005-09

9 PROVINCIAL REPORTS

9 British Columbia
10 Alberta
11 Saskatchewan
12 Manitoba
13 Ontario
14 Quebec
15 New Brunswick
16 Nova Scotia
17 Prince Edward Island
18 Newfoundland and Labrador

19 FORECAST TABLES


**CMHC Housing Market Outlook Canada** is your national sales, marketing, and business planning tool.

**Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 or email us at Market Analysis Centre@cmhc-schl.gc.ca**

Canada

CMHC SCHL
HOME TO CANADIANS

# CMHC — HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

**Information and Subscriptions**

Subscribe to *CMHC Housing Market Outlook, Canada Edition* in electronic (PDF) format. Each edition is e-mailed directly to you the day of release. No more waiting two to three weeks to get the printed edition!

You can subscribe on-line through the CMHC website at:
www.cmhc-schl.gc.ca/cgi-bin/webc.exe/mktinfo/store/National Market analysis.html#ho

You can also subscribe or enquire about the status of your current electronic subscription by contacting us by e-mail at Market_Analysis_Centre@cmhc-schl.gc.ca, call 1-613-748-2006 or fax 1-613-748-2156.

Annual Subscription ( 4 issues ): $120 + GST
Single issue: $40 + GST

To subscribe to the printed format, call 1-800-668-2642. Outside Canada call 1-613-748-2003 or fax 1-613-748-2016.

The forecast for this issue was completed in April 2005.

The *CMHC Housing Market Outlook, Canada Edition* is your national sales, marketing and planning tool.

The next edition is the Third Quarter 2005 and is planned to be released in August.

To learn about other valuable CMHC information products, visit the CMHC home page at www.cmhc.ca.

**MLS®**

The term MLS® stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

**© Canada Mortgage and Housing Corporation, 2005.**

All rights reserved. Canada Mortgage and Housing Corporation hereby grants permission to the subscriber to produce one electronic copy and to print one hard copy for the subscriber's personal use only. No part of this publication may be reproduced, modified, or redistributed in any form or by any means, for any purposes (including but not limited to sales) other than those noted above, without the prior written permission of Canada Mortgage and Housing Corporation.

ISSN 1488-6537 Product # 61500-2005-Q02

# National Housing Outlook

## In Detail

Housing starts for Canada in 2005 will decrease to 216,400 units, down 7.3 per cent from the 17-year high of 233,431 units in 2004. In 2006, starts will slide further, reaching 200,200 units, a 7.5 per cent decrease. In spite of the decrease, new home construction will remain strong by historical standards.

House prices have grown at a rapid pace over the past three years. Continued although slower growth in house prices coupled with modest increases in mortgage rates this year and next will lead to a gradual erosion of housing demand. In particular, many first-time buyers, who do not have equity to draw on for a downpayment, might find the rise in mortgage carrying costs harder to bear. Moreover, rising rental vacancy rates have led to slower growth in rents. As a result, the gap between the cost of renting and owning a home has increased, which could also reduce homeownership demand among first-time buyers.

Other factors also point towards a decrease in the pace of new home construction. The pent-up demand that built up during most of the 1990s is gradually eroding. As a result, housing starts will gradually move in line with demographic fundamentals. The increase in new listings in the resale market provides more choice for home seekers and reduces the spillover of buyers from the existing home market into the new home market. Less spillover demand will also contribute to the decrease in housing starts in 2005 and 2006, as will rising construction costs which contribute to widening the price gap between new and existing home markets.

### Starts of single homes to slow

Single detached starts will fall by 9.8 per cent to 116,500 units in 2005 and decline by an additional 7.7 per cent to 107,500 units in 2006.

Most provinces will experience this slowing trend in single home starts in 2005. In percentage terms, the largest decreases will be in Newfoundland (14.8 per cent), Ontario (14.2 per cent), and Quebec (11.7 per cent). Bucking this downward trend are Manitoba and Saskatchewan, where single starts are forecast to increase slightly. In Manitoba single starts will reach 3,600 units, up 3.3 per cent and in Saskatchewan they will reach 2,200 units, an increase of 0.3 per cent.

### Starts of multi-family homes edge lower in 2005

Multi-family housing starts (semi-detached, row and apartment units) are also expected to slow in 2005 although to a lesser extent than singles. This reflects the shift in demand from homebuyers toward less expensive homes.

Multiple dwelling starts will moderate to 99,900 units in 2005 (down 4.2 per cent) and to 92,700 units in 2006 (down 7.2 per cent). Starts of apartments and semi-detached homes will dip 6.1 and 5.6 per cent respectively in 2005 while starts of row houses will increase 2.5 per cent.

In 2005, only four out of ten provinces, namely Newfoundland, PEI, Quebec and Alberta, will experience declines in multi-family starts. Nevertheless, lower multiple starts in these provinces will more than offset gains in the rest of the country.

### MLS® sales will remain strong

Existing home sales, as measured by the Multiple Listing Service (MLS®), will register their second best year on record with 441,100 units in 2005, a decrease of 4.3 per cent compared to the previous year. A rise in new listings will help keep MLS® sales strong in 2006 at 425,300 units. However, the steady price increases of the past three years and the expected rise in mortgage rates will push mortgage carrying costs higher and housing demand will ease gradually.

Sales will decrease everywhere except in New-Brunswick, Manitoba and Saskatchewan. Quebec will be the only province to register a double digit decrease in 2005.

### Prices bound to increase modestly

The rate of increase in existing house prices will moderate in 2005. New listings of existing homes will remain strong while sales will ebb. As a result, existing home markets will become more balanced and price pressures will ease. The average MLS® price will increase by 6.8 per cent in 2005 and by 4.3 per cent in 2006.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends Impacting Housing

### The Economy

Canada's real gross domestic product (GDP) expanded by 2.8 per cent in 2004. While economic growth improved relative to the previous year's 2.0 per cent, the economy's expansion remains slightly below trend.

Growth in real GDP has been held back due to a weak trade performance with other countries. Canada's exports did increase by 4.9 per cent in 2004, however, growth in imports was an even stronger 8.2 per cent. When international trade is factored out, the performance of Canada's economy last year was much more encouraging. Indeed, final domestic demand (FDD) grew by 3.8 per cent in 2004. Consumer spending, residential investment and business investment in machinery and equipment each contributed to the strong domestic economy.

Economic growth is expected to remain slow in the first half of 2005 as the significant build-up in business inventories is unwound and as exports continue to adjust to the higher Canadian dollar. However, GDP growth will accelerate in the second half of 2005 to average 2.6 per cent for the year. GDP growth will strengthen to 3.2 per cent in 2006.

### Mortgage Rates

Inflation in Canada is well behaved. Given the continuation of below-trend growth in the first half of 2005, inflationary pressures are unlikely to build significantly in the near term. However, a number of indicators, such as high capacity utilization, the near record employment to population ratio, and the small output gap, suggest that the Canadian economy is operating close to its capacity. Therefore, the Bank of Canada is expected to move toward more neutral monetary conditions by gradually raising interest rates in 2005 and 2006. As a result, the prime lending rate will rise slowly this year and next.

Short-term mortgage rates move in tandem with the prime lending rate while mid- and long-term mortgage rates vary in response to the cost of raising funds in the bond markets.

Posted mortgage rates are forecast to rise moderately in 2005-06. However, tame inflation, a strong Canadian dollar vis-à-vis its U.S. counterpart, and slower economic growth in Canada will restrain the size and speed of Canadian interest and mortgage rate increases in 2005-06.

Mortgage rates are expected to remain low, rising by less than 50 basis points annually this year and next. One, three and five-year mortgage rates are forecast to be in the 4.50-5.50, 5.50-6.50, and 5.75-6.75 per cent range respectively in 2005.

### Migration

The target range for immigration is for between 220,000 and 245,000 new permanent residents per year. Recently, the department of Citizenship and Immigration announced measures to speed up the processing of sponsorship applications for parents and grandparents coming to Canada as family class immigrants.

In 2004, more than 235,000 immigrants came to Canada, up from about 221,000 the previous year. Recently arrived immigrants tend to initially settle in rental housing. However, as time passes, a rising share of immigrants purchase their homes.

### Employment and Income

The Canadian labour market did well in 2004 and employment increased by 1.8 per cent compared to 2003. Between January 2004 and March 2005, about 250,000 jobs were created, 245,000 of which were full-time. As a result, the unemployment rate has drifted down to 6.9 per cent and a near record share of Canadians are employed.

Looking ahead, with the Canadian economy close to full employment, job creation will slow to rates more in line with growth in the source population. Thus, employment is forecast to grow by 1.5% in both 2005 and 2006.

Income growth remained steady and outpaced inflation again with a 4.1% increase in 2004. Rising employment and labour income will continue to support healthy demand for housing.

### Consumer Confidence

The Conference Board of Canada's index of consumer attitudes remains relatively high, indicating Canadians still foresee positive economic conditions in the near term. More specifically, over 60% of respondents indicated that the time was right to make major purchases such as cars or homes in March 2005.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends at a Glance

## Key factors and their Effects on Residential Construction

| Factor | Comment |
|---|---|
| Mortgage Rates | Mortgage rates will rise modestly over the next two years although they will remain low in historical terms. This will progressively ease housing demand. |
| Employment | Employment will continue to stimulate housing demand. However, as we approach full employment, job growth will slow to rates that are more in line with population growth. This will in turn temper housing demand. |
| Income | The resulting slowdown in employment growth will also translate into smaller disposable income gains. However, household income growth will continue to sustain solid consumer spending and reduce the impact of increased mortgage costs. |
| Net Migration | Immigrants tend to settle initially in rental housing in large urban centres. Therefore, at first, recovering immigration levels, will boost demand for rental demand. However, over time, as an increasing share of immigrants buy homes, there will be upward pressure on homeownership demand and housing starts. |
| Natural Population Increase | Canada's population is aging and there are fewer people in their child bearing years. Thus, the contribution of births to population growth is declining. However, the impact of today's lower births on household formation and housing demand wont be felt until these young Canadians grow up and move out on their own in 20 to 30 years. |
| Consumer Confidence | The index of consumer attitudes, as measured by the Conference Board of Canada, indicates that consumers' appetite for big ticket items remains high. Favourable economic conditions this year and next will keep consumers in a spending mood which will support the housing market. |
| Resale Market | An increase in new listings coupled with lower MLS sales will help the resale market move toward more balanced conditions. Hence, future price increases will be more modest. A more balance resale market will also result in less spillover of buyers into the new home market and put downward pressure on starts. |
| Vacancy Rates | The vacancy rates across Canada's metropolitan centres climbed for a third consecutive year in 2004. With rental demand waning, future rental housing starts will be limited. |

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

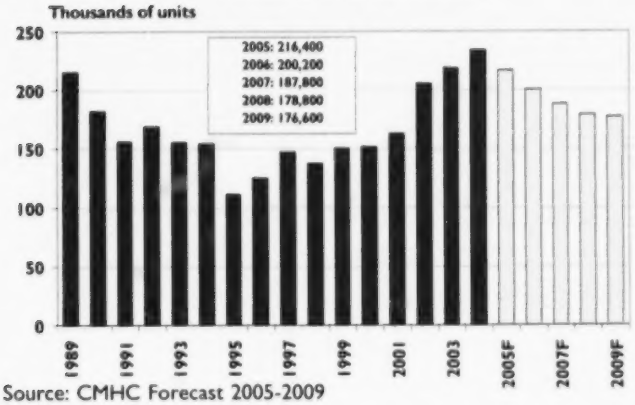
# Special Report: 2005-2009 Outlook

Residential construction peaked in 2004 and will decline through to 2009, as factors that drive housing demand will, on balance, become less stimulative.

In 2006, housing starts will have remained above the 200,000 unit threshold for five consecutive years, a feat last accomplished in the 1971-78 period. Housing starts are forecast to decline gradually over the medium term, reaching 176,600 units by 2009, which is well above the average level observed during the 1990s of about 150,000 units.

The Canadian economy is operating close to its capacity. Therefore, over the medium term, the economy will expand at its long-term non-inflationary annual growth rate of 3 per cent. Being close to full-employment implies that labour force and employment growth should slow to a pace that is more in line with population growth over the foreseeable future. Employment growth will average 1.5 per cent annually over the 2005 to 2009 period.

**Total Housing Starts, Canada**

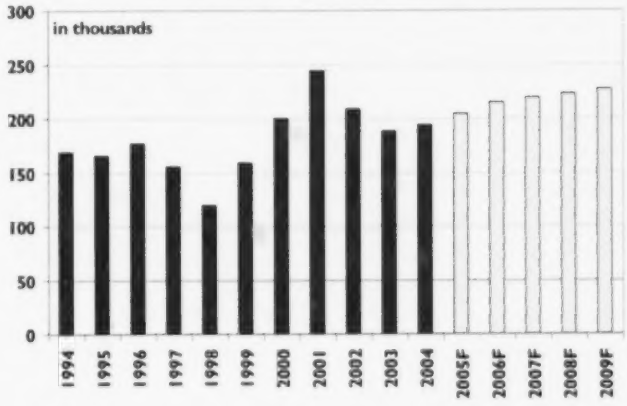



Source: CMHC Forecast 2005-2009

Population growth is a key driver of housing demand over the longer term and a key component of it is immigration. Immigration to Canada recovered to reach more than 235,000 arrivals in 2004. Looking ahead, Canada's positive economic and social environment will attract an increasing number of immigrants over the next five years. By 2009, immigration will reach 245,000 annual arrivals, which is the upper end of the Department of Citizenship and Immigration's target range. Ontario, Quebec, and British Columbia will attract most of the new immigrants settling in Canada.

At the provincial level, population growth can also get a boost from interprovincial migration. Alberta will continue to attract the majority of interprovincial migration, however, British Columbia is expected to almost catch-up by 2009. On the other hand, Ontario and Quebec will see a net outflow of interprovincial migrants over the next five years.

**Total Net Migration, Canada**




Source: CMHC Forecast 2005-2009, Statistics Canada

### Rising mortgage carrying costs will reduce demand for housing

A gradual increase in mortgage rates over the next five years combined with continued, although more modest, growth in house prices will push up mortgage carrying cost between 2005 and 2009. This and the erosion of the pent-up demand for housing that accumulated during the 1990s will cause housing demand to weaken gradually.

Seller's market conditions in recent years meant that relatively few existing homes were available for sale compared to the number of people who wanted to buy them. As a result, there was a spill over of housing demand from the existing home market into the new home market. Between 2005 and 2009, the existing home market will move progressively toward more balanced conditions, and the spillover demand in the new home market will decrease. Balanced markets also imply that house prices will become more in line with the general rate of inflation in the economy.

On balance, these factors will lead to a gradual decrease in the pace of new home construction.

### Provincial details: 2005-2009

The declining trend in Canadian housing starts over the 2005 to 2009 period will be reflected in all provinces except Manitoba, where starts are forecast to climb to 5,400 units by 2009, nearly 22 per cent above their 2004 level.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

### Newfoundland and Labrador

Provincial economic growth is expected to post a sharp increase in 2006 as oil production at White Rose begins. As for the remainder of the forecast period, provincial economic growth will be negatively affected by expected declines in oil production at Terra Nova and Hibernia as these projects pass their production peaks. Weak growth will be reflected in meagre job creation and will lead to a net outflow of interprovincial migrants. Together, these factors will lead to a decrease in housing starts to 2,050 units in 2009, down from 2,870 units in 2004.

### Prince Edward Island

The Island's economy is expected to record moderate economic growth over the entire forecast period as the agriculture sector, the fisheries, and export markets continue to show improvement. P.E.I. posted a net increase in population between the 1996 and 2001 censuses and this trend of population growth is expected to continue over the entire forecast period. Net-migration should remain positive as people continue to return to the island to either finish out their careers or retire. Although this increase in population should serve to support housing activity, the longer term outlook is for a gradual decrease in starts due to the aging population and a decrease in household formation. Nevertheless. the trend toward urbanization will continue to buoy the housing markets in both Charlottetown and Summerside. Housing starts are expected to gradually decline to 645 units by 2009, down from the peak of over 900 units in 2004.

### Nova Scotia

Slower employment growth and rising interest rates are expected to dampen consumption in Nova Scotia over the next five years as housing starts decline from cyclical high levels and the pace of retail sales growth eases. With the absence of considerable net positive migration to the province and rising interest rates over the forecast period, housing demand is expected to wane, resulting in a slower pace of sales and lower rates of price growth. Nevertheless. the healthy economic outlook is expected to provide the support necessary to ensure a soft landing for the provincial housing market over the next five years. Housing starts will decrease to 3,775 units in 2009, down from over 4,700 units in 2004.

### New Brunswick

The provincial economy is forecast to grow modestly over the 2005-2009 period. As a trade-focused province, New Brunswick will continue to face global competitive pressures, therefore, investment in productivity enhancing technologies, especially in the forestry sector, will remain crucial. The resource sector is important to the continued growth of the NB economy and exports of raw materials and finished goods will be impacted by the high dollar and by weaker commodity markets as global economic growth slows later in the decade. Modest economic and employment growth, increasing interest rates, and much slower population growth will cause housing demand to decline over the forecast period. Expect total housing starts to reach 3,250 units by 2009, down from close to 4,000 units in 2004.

### Quebec

Steadily rising net migration (fuelled by immigration) and an aging population will contribute to sustaining and diversifying future housing demand. Over the 2005 to 2009 period, the Quebec economy is expected to grow at just under three per cent, falling just short of the national average, and employment growth will gradually strengthen. However, the recent pace of residential construction is very high and will drift back toward more sustainable levels. Housing starts will reach 36,000 units by 2009, down from over 58,000 units in 2004.

**Total Housing Starts, Canada and the Provinces**

| | 2003 | 2004 | 2005F | 2006F | 2007F | 2008F | 2009F |
|---|---|---|---|---|---|---|---|
| Newfoundland | 2,692 | 2,870 | 2,475 | 2,250 | 2,150 | 2,100 | 2,050 |
| Prince Edward Island | 814 | 919 | 800 | 710 | 685 | 670 | 645 |
| Nova Scotia | 5,096 | 4,717 | 4,575 | 4,550 | 4,300 | 4,050 | 3,775 |
| New Brunswick | 4,489 | 3,947 | 4,000 | 3,700 | 3,550 | 3,275 | 3,250 |
| Quebec | 50,289 | 58,448 | 50,000 | 45,000 | 41,050 | 37,000 | 36,000 |
| Ontario | 85,180 | 85,114 | 78,500 | 71,500 | 67,000 | 66,000 | 65,000 |
| Manitoba | 4,206 | 4,440 | 4,600 | 4,800 | 5,000 | 5,200 | 5,400 |
| Saskatchewan | 3,315 | 3,781 | 3,850 | 3,600 | 3,600 | 3,500 | 3,500 |
| Alberta | 36,171 | 36,270 | 34,000 | 32,500 | 30,000 | 28,000 | 28,500 |
| British Columbia | 26,174 | 32,925 | 33,600 | 31,600 | 30,500 | 29,000 | 28,500 |
| Canada | 218,426 | 233,431 | 216,400 | 200,200 | 187,800 | 178,800 | 176,600 |

Source: CMHC Forecast 2005-2009

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

### Ontario

Ontario housing starts have outpaced the rate of household formation since 2001. Favourable economic and migration trends have made this possible, triggering a cyclical peak in housing activity between 2003 and 2004. Looking ahead, less stimulus coming from the job market, population growth, and interest rates will result in a downtrend in Ontario home starts—bringing housing starts more in balance with regional demographic trends. This, combined with less pressure from the resale market and tighter land supply should pull Ontario home starts down to 65,000 units by 2009 from a peak of over 85,000 units in 2004.

### Manitoba

Housing starts are expected to remain high in Manitoba for the next few years fuelled by continued population and household growth as well as favourable economic conditions. In Winnipeg there appears to be some pent-up demand as household growth has outstripped the growth of the housing stock for several years. With little selection in the resale market, home buyers will continue to be pushed to the new home market keeping single-family starts high. Serviced land supply issues in Winnipeg are also expected to be resolved by 2007, removing one constraint currently being faced by builders. Housing starts will increase to 5,400 units by 2009, up from about 4,440 units in 2004.

### Saskatchewan

Saskatchewan will continue to benefit from historically firm demand for its natural resources yielding robust economic growth. Migration will be positive in the outlook period for the first time in more than 20 years. Rising prices and a slow increase in mortgage interest rates will encourage first-time home buyers to return to the existing home market. Single starts will plateau while multis will fall off due to the shift away from affordable row units back to the luxury condominium style apartments. Starts will moderate to 3,500 units in 2009, down slightly from 3,800 units in 2004.

### Alberta

Thanks to high levels of investment in the oil and gas sectors, the Alberta economy is projected to grow at an average annual rate of 3.6 per cent from 2005 to 2009. Continued expansion of the economy means that the province will have the lowest unemployment rate among the provinces over the forecast period. With the unemployment rate anticipated to remain around 4.4 per cent over the forecast horizon, Alberta can be considered to be at full-employment. As a result, Alberta will maintain its position as the top choice of destination for Canadians from other provinces seeking job opportunities. The combination of a buoyant labour market and population growth will translate into strong resale and new construction activity. Nevertheless, new home construction will be on a declining trend until 2007 prior to stabilizing around 28,000 units in 2008 and 2009. From 2002 to 2004, there were a total of 111,195 starts in the province. This was the second best performance for a three year period next to the 1977 to 1979 period when 125,947 starts were recorded. With annual housing starts exceeding the annual rate of household formation over the past three years, it appears that a significant portion of pent-up housing demand in the province has been satisfied. Despite the decline, starts activity over the forecast horizon will be higher than the 1994 to 2004 average of about 26,470 units.

### British Columbia

During the next five years, residential construction activity in British Columbia is expected to remain above the long-term average, trending down slightly in 2006 through 2009. The level of new home construction is forecast to exceed underlying household formation in the near term. The projected decrease in the level of housing starts after 2006 is the result of a return to a level more consistent with demographic demand. Rising, but low mortgage rates will support the outlook in the near term while solid fundamentals provide the basis for the long-term forecast. Employment growth is set to continue near two per cent per year, and future productivity gains from capital investment will lead to growth in incomes. Population growth in the province will pick up as the net gain from interprovincial migration increases alongside a continued inflow of people from other countries. The province is also set to expand its international appeal as host to the 2010 Winter Olympics. Housing starts are expected to reach 28,500 units by 2009, down from 32,925 units in 2004.

### Forecast Risks

*More rapid rise in interest rates*

The current forecast assumes a gradual rise in interest rates, however, if rates were to rise more abruptly, housing starts could be weaker than forecast. Stronger inflation could be triggered by capacity constraints in the Canadian economy or from the pass-trough of high energy prices. Rising inflation would be accompanied by a more rapid pace of interest rate increases, causing housing starts to fall below the levels forecast in the 2006 to 2009 period.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# British Columbia

## Overview

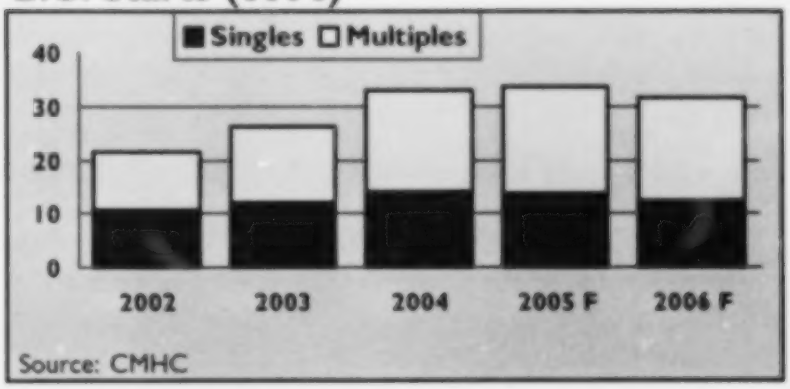
**Housing activity to stay above average**

In 2004, more than 96,000 homes changed hands in British Columbia, accounting for one-fifth of MLS® sales in Canada. New home construction recorded its fourth year of 20 per cent plus growth, bringing the level of housing starts above the long-term average.

Economic conditions in the province point to continued high levels of activity in both the new and existing home markets in 2005 and 2006. Housing starts will remain above the long-term average, this year and next. Starts will reach 33,600 units in 2005, a 2.1 per cent annual increase and will edge down to 31,600 units in 2006. Gradually rising mortgage rates combined with rising home prices will moderate housing demand in late 2005 and into 2006.

The British Columbia economy is growing above its potential, mainly due to consumer spending and residential investment. Strong global demand for the province's key exports is also driving economic activity. Low interest rates will maintain domestic demand while a high Canadian dollar will encourage investment in machinery and equipment, setting the province up for future productivity gains.

**B.C. Starts (000's)**




Source: CMHC

British Columbia's labour market will improve alongside a growing economy. Employment is projected to increase 2.7 per cent in 2005 and 2.1 per cent in 2006, generating an additional 100,000 jobs. The unemployment rate, currently near generational lows, will decline in 2005 as the labour force expands at a slower pace than job growth. Improving labour markets will bolster already high levels of consumer confidence.

Net interprovincial migration doubled in 2004 and will continue to climb. Combined with a net gain of people moving from other countries, British Columbia will see its population growth rate increase. This inflow of people will prolong the province's housing expansion beyond that of the rest of Canada and keep housing activity above long-term average levels.

## In Detail

**Single Starts:** Single-detached homes will represent a smaller share of new home construction as builders and consumers shift to lower priced product types in the face of rising prices and mortgage rates. The forecast of 13,800 single-detached starts in 2005 represents a 1.8 per cent decrease from 2004 levels. In 2006, an additional 12,600 single-detached homes will be added to the provincial housing stock.

**Multiple Starts:** Momentum in the multiple-unit segment of the market will carry on through the next two years as developers respond to consumer demand for this type of housing. In 2005, multiple unit starts will increase 4.9 per cent, to 19,800 units. Construction activity will moderate in 2006 to 19,000 units. Most of the new multiple activity will be in the apartment and condominium categories.

**Resales:** High levels of consumer confidence and the ongoing low interest rates will result in moderating but still high levels of resale activity during the next two years. MLS® activity will hit 90,000 units in 2005, a 6.6 per cent decline and will decrease to 85,600 units in 2006. This is well above the 20-year average level for existing home sales of about 65,000 units in the province.

**Prices:** The trend in active listings turned upwards in some of the larger markets including Vancouver and Victoria in response to higher prices, while other areas of the province, including Kamloops and Prince George, have not yet seen a pick up in listings. Sellers' market conditions will persist in most markets around the province, moving towards balanced conditions. The average MLS® price will increase faster than the general rate of inflation, rising 6.5 per cent in 2005 and 4.2 per cent in 2006.

## Provincial Highlight

**Full-time employment growth boosts B.C. housing marke**

Growth in employment is one of the key drivers of housing demand in British Columbia. Gains in employment lead to growth in incomes, increasing consumers' ability to carry a mortgage. As well, higher levels of consumer confidence reflect improving labour market conditions. In 2004, employment grew 2.3 per cent (45,500 jobs) on top of a 2.8 per cent increase in 2003. In the first quarter of 2005, employment was up 2.8 per cent from year-earlier levels. Since 2001, employment gains have been concentrated in full-time employment, with the number of people employed part-time declining. Goods-sector employment has been growing faster than service-sector jobs due, in part, to a significant increase in construction employment. These job gains bode well for the housing sector going forward.

**Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca**

# British Columbia

## Overview

**Housing activity to stay above average**

In 2004, more than 96,000 homes changed hands in British Columbia, accounting for one-fifth of MLS® sales in Canada. New home construction recorded its fourth year of 20 per cent plus growth, bringing the level of housing starts above the long-term average.

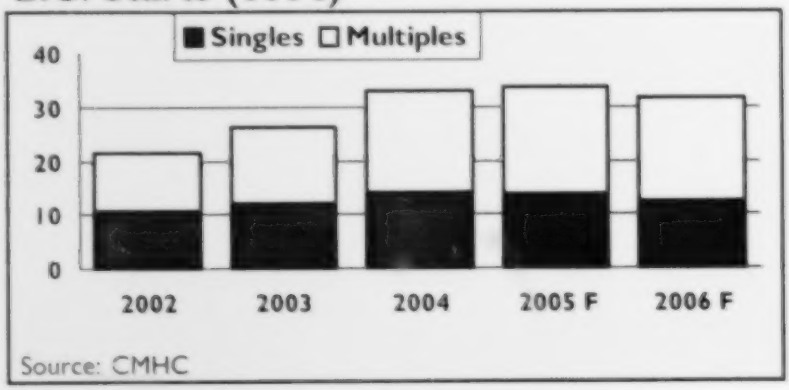
Economic conditions in the province point to continued high levels of activity in both the new and existing home markets in 2005 and 2006. Housing starts will remain above the long-term average, this year and next. Starts will reach 33,600 units in 2005, a 2.1 per cent annual increase and will edge down to 31,600 units in 2006. Gradually rising mortgage rates combined with rising home prices will moderate housing demand in late 2005 and into 2006.

The British Columbia economy is growing above its potential, mainly due to consumer spending and residential investment. Strong global demand for the province's key exports is also driving economic activity. Low interest rates will maintain domestic demand while a high Canadian dollar will encourage investment in machinery and equipment, setting the province up for future productivity gains.

British Columbia's labour market will improve alongside a growing economy. Employment is projected to increase 2.7 per cent in 2005 and 2.1 per cent in 2006, generating an additional 100,000 jobs. The unemployment rate, currently near generational lows, will decline in 2005 as the labour force expands at a slower pace than job growth. Improving labour markets will bolster already high levels of consumer confidence.

Net interprovincial migration doubled in 2004 and will continue to climb. Combined with a net gain of people moving from other countries, British Columbia will see its population growth rate increase. This inflow of people will prolong the province's housing expansion beyond that of the rest of Canada and keep housing activity above long-term average levels.

### B.C. Starts (000's)




Source: CMHC

## In Detail

Single Starts: Single-detached homes will represent a smaller share of new home construction as builders and consumers shift to lower priced product types in the face of rising prices and mortgage rates. The forecast of 13,800 single-detached starts in 2005 represents a 1.8 per cent decrease from 2004 levels. In 2006, an additional 12,600 single-detached homes will be added to the provincial housing stock.

Multiple Starts: Momentum in the multiple-unit segment of the market will carry on through the next two years as developers respond to consumer demand for this type of housing. In 2005, multiple unit starts will increase 4.9 per cent, to 19,800 units. Construction activity will moderate in 2006 to 19,000 units. Most of the new multiple activity will be in the apartment and condominium categories.

Resales: High levels of consumer confidence and the ongoing low interest rates will result in moderating but still high levels of resale activity during the next two years. MLS® activity will hit 90,000 units in 2005, a 6.6 per cent decline and will decrease to 85,600 units in 2006. This is well above the 20-year average level for existing home sales of about 65,000 units in the province.

Prices: The trend in active listings turned upwards in some of the larger markets including Vancouver and Victoria in response to higher prices, while other areas of the province, including Kamloops and Prince George, have not yet seen a pick up in listings. Sellers' market conditions will persist in most markets around the province, moving towards balanced conditions. The average MLS® price will increase faster than the general rate of inflation, rising 6.5 per cent in 2005 and 4.2 per cent in 2006.

## Provincial Highlight

**Full-time employment growth boosts B.C. housing market**

Growth in employment is one of the key drivers of housing demand in British Columbia. Gains in employment lead to growth in incomes, increasing consumers' ability to carry a mortgage. As well, higher levels of consumer confidence reflect improving labour market conditions. In 2004, employment grew 2.3 per cent (45,500 jobs) on top of a 2.8 per cent increase in 2003. In the first quarter of 2005, employment was up 2.8 per cent from year-earlier levels. Since 2003, employment gains have been concentrated in full-time employment, with the number of people employed part-time declining. Goods-sector employment has been growing faster than service-sector jobs due, in part, to a significant increase in construction employment. These job gains bode well for the housing sector going forward.

**Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca**

# Alberta

## Overview

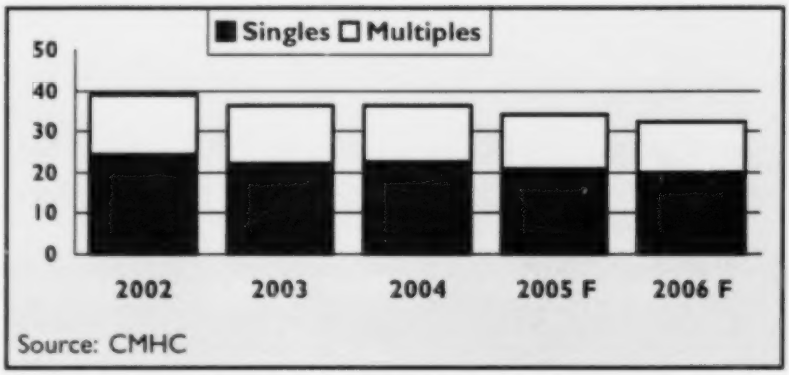
**Housing starts remain above 30,000 units**

At 36,270 units, total housing starts in 2004 finished 0.3 per cent ahead of 2003 activity. However, with starts surpassing household growth over the past three years, it would appear that pent-up demand in the province has been mostly satisfied. Consequently, starts activity is forecast to decline to 34,000 units in 2005 and 32,500 units in 2006. In spite of the declines this year and next, 2006 will represent the fifth consecutive year in which new home construction exceeds 30,000 units.

Positive economic fundamentals will be the major force behind the continued strong performance of the residential construction sector. Alberta's economy will be one of the strongest among the provinces over the next two years due to rising levels of capital spending in the oil and gas sector and higher government expenditures on education, health care and infrastructure improvements. The province's economic output is projected to expand by 3.8 per cent in 2005 and 4.1 per cent in 2006. The resulting growth in employment will keep the provincial unemployment rate well below the national average and provide confidence to households seeking to purchase a home.

While Alberta will continue to be the top choice of destinations for Canadians seeking employment, net gains from interprovincial migration are expected to weaken over the forecast period. Improving labour market conditions in other provinces in general and British Columbia in particular will put a ceiling on migration inflows. Nevertheless, the province will still gain about 50,000 persons from international and interprovincial migration through 2006. Gains from migration and natural increase will cause the province's population to grow at an average annual rate of 1.5 per cent in 2005 and 2006. Population growth will translate into household growth and contribute to demand for new housing.

## Alberta Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** The absence of pent-up demand will cause single-detached starts to slip from the levels seen over the past three years. At prevailing rates of absorption, there is a six month supply of single-family homes in urban markets, a level indicative of a balanced market. Starts will dip from 21,000 units in 2005 to 20,000 units in 2006, ensuring continued balance in the new home market.

**Multiple Starts:** Multi-family starts will decline to 13,000 units in 2005 and to 12,500 units in 2006. Activity will not match the levels of the past two years as the supply of ownership and rental multi-family homes in urban centres stands at about 12 and 20 months, respectively. Despite the decrease, the share of multiples in total housing starts will edge higher in 2005 and 2006.

**Resales:** Continued attractiveness of homeownership over renting means that MLS sales will remain above the 50,000 mark. However, rising mortgage carrying costs will cause sales to drop from 57,000 units in 2005 to 54,000 units in 2006.

**Prices:** High levels of resale activity will translate into higher prices and record MLS dollar volumes. The average MLS price is forecast to increase by nearly six per cent in 2005 and 2006.

## Provincial Highlight

**Red Deer starts rival those in some of Canada's CMAs**

Alberta has two Census Metropolitan Areas (CMAs), Calgary and Edmonton. In 2004, these CMAs along with Vancouver, Toronto, and Montreal had the distinction of recording housing starts in excess of 10,000 units. However, other smaller CMAs such as Regina, Sherbrooke, and Kingston had starts in the 800 to 1,500 unit range in 2004. In Alberta, there is another centre, other than Calgary and Edmonton where housing starts over the past four years have been at CMA-type levels. Since 2001, total housing starts in the Red Deer, Census Agglomeration have exceeded 1,000 units per year. In 2004, there were 1,343 units started in the Red Deer. This level of activity exceeded the performance of eight CMAs in the country.

**Contact: Vinay Bhardwaj (403) 515-3004, vbhardwa@cmhc-schl.gc.ca**

# Saskatchewan

## Overview

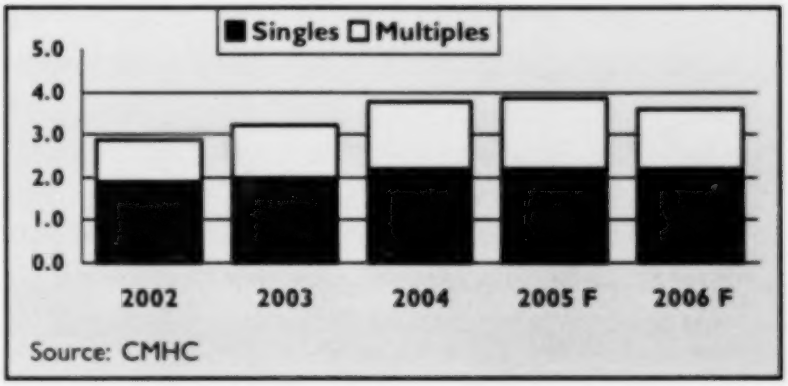
**Starts to stay above the five year average**

Total housing starts will peak at 3,850 units in 2005 and then dip slightly to 3,600 units in 2006. The improvement in net migration and the aging structure of the population are the reasons behind the strong performance.

Improving economic conditions in the province will reduce the necessity for people in Saskatchewan to seek work in other provinces. Economic growth over the next two years should remain close to the national average. Increased crop production in 2004 should translate into higher farm cash receipts in 2005. Meanwhile, Statistics Canada's 2005 survey of public and private investment intentions indicates that rising spending levels in the mining, oil and gas, utilities, and public administration sectors will cause expenditure on construction activities to jump by 16.2 per cent in 2005. The optimistic outlook for oil and gas prices and the continued work by the Cigar Lake venture on the high grade uranium deposit at McArthur River will keep investment levels strong in 2006.

Economic growth will contribute to job gains and cause the unemployment rate to remain close to five per cent over the forecast period. The strength of the job market will encourage younger people to form their own households. Household formation will also receive a boost from lower losses through interprovincial migration and rising levels of international immigration. The combination of new younger households and a growing demand from households aged 45 years or more for condominium living will keep housing starts in 2005 and 2006 well above the 3,000 units average of the past five years.

## Saskatchewan Starts (000's)




Source: CMHC

## In Detail

Single starts: Regina and Saskatoon home builders are rushing to bring "spec" single family units to a stage where they can be shown to prospective buyers in anticipation of Spring show home parades. Units under construction in both centres have reached historically high levels for this time of year due to robust starts activity in the final months of 2004. Single starts will edge higher, to reach 2,200 units in both 2005 and 2006.

Multiple Starts: As forecast, luxury apartment condominium starts are maintaining a brisk pace while starts of moderately-priced, row condominium units are slowing as demand from first-time buyers and investors is satisfied. Our forecast calls for 1,650 multiple units in 2005, falling back to 1,400 units in 2006.

Resales: CMHC is forecasting sales of existing homes to increase slightly in 2005 to 8,500 units with another bump in 2006 to 8,800 sales. Existing housing sales have been sliding recently due to weak listings activity but this situation is projected to reverse as new condominium buyers list their existing homes.

Prices: Our forecast calls for modest increases in the average MLS price of 3.8 per cent in 2005 followed by a 4.3 per cent increase in 2006. Major markets will continue to have balanced characteristics and Regina and Saskatoon will be the most affordable on the Prairies.

## Provincial Highlight

**Stronger migration will contribute to housing demand**

Saskatchewan migration is clawing its way back to positive territory after more than 20 years. Statistics Canada reported that total net out-migration for Saskatchewan was 1,711 persons in 2004, the lowest level of total net out-migration since 1998. Although interprovincial out-migration increased in 2004 compared to 2003, increased in-migration from other provinces overcame these losses. Improved international inflows also contributed to the migration picture. Enhanced economic conditions relative to other provinces, primarily Alberta, is attributed as being the key factor behind the encouraging migration numbers.

Regina and Saskatoon will capture the lion's share of the new in-migration adding to the inflows from rural Saskatchewan thus contributing to housing demand in these major cities.

**Contact: Paul Caton (306) 975-4897, pcaton@cmhc-schl.gc.ca**

# Manitoba

## Overview

### Strong Momentum Continues

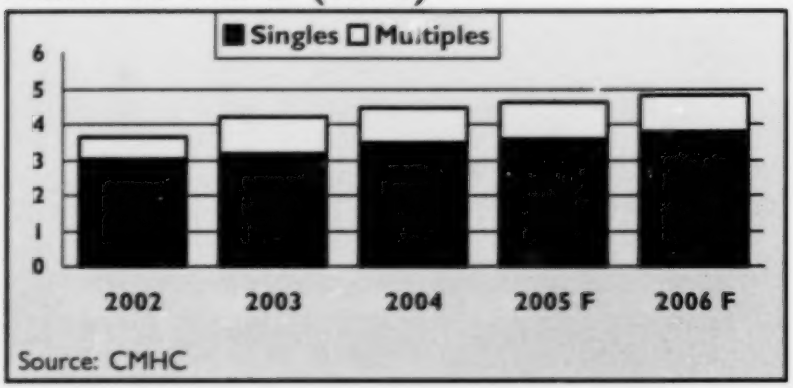
Due to positive economic and demographic factors, total housing starts are forecast to increase to 4,600 units in 2005 and to 4,800 units in 2006.

Labour market indicators in Manitoba are favourable for households seeking to make a first time or move-up purchase. Nearly 76 per cent of individuals in the labour force have a full-time job. Access to full-time employment makes it easier for households to obtain the required financing to buy a home.

The job environment will remain favourable over the forecast period. With the provincial economy forecast to grow at an annual rate of three per cent this year and next, Manitoba will have the lowest unemployment rate among all the provinces next to Alberta and Saskatchewan. The low unemployment rate is a sign that the province is facing a shortage of skilled labour. About 69 per cent of the population over the age of 15 are working or seeking work, compared to the national average of 67.6 per cent.

The provincial government is trying to address the skill shortage through its immigration strategy. The strategy consists of six key parts, the pillar of which is the Provincial Nominee Program. CMHC is forecasting a net gain of 7,800 persons through international immigration in each of 2005 and 2006. Immigration gains will lead to the strongest levels of population and household growth since the early 1980s and contribute to the demand for new homes.

## Manitoba Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** Demand continues to be strong for new single-family homes in Manitoba. Builders however will be challenged by a dwindling selection of serviced land in Winnipeg, the province's largest market. Developers are working to replenish the supply but it is unlikely that new land will be available before late 2006. Single-family starts will keep pace with last year and post 3,600 units in 2005 and climb to 3,800 in 2006.

**Multiple Starts:** Multiple-family starts will continue to hold the current pace for the next few years with 1,000 starts expected both this year and next. With an aging population, more and more empty-nesters are ready to make the move to apartment living. Persistently low vacancies in the rental market are also sparking an interest in new rental construction.

**Resales:** Resale activity will continue to be restricted by a lack of available listings. A recent modest upward trend in active listings will continue throughout the forecast period and will help to push up sales. Provincial MLS sales will reach 13,000 units in 2005 and will rise again to 13,800 units in 2006.

**Prices:** With demand high and supply low, especially in the dominant Winnipeg market, prices will continue to rise. The average MLS price for Manitoba will rise nine per cent to $130,000 in 2005 and rise another six per cent in 2006 to $138,000.

## Provincial Highlight

**Construction labour shortages result in longer completion times for new homes**

Annual single-family starts in the Winnipeg CMA have increased from around 1,250 units in the late 1990s to the current level of around 1,900 units, an increase of 52 per cent. Over the same period, construction employment has increased only 11 per cent, thus indicating that builders have been able to increase the number of homes started without relying on a large influx of new labour. An informal survey of some of Winnipeg's larger builders, however, has indicated that this increased starts activity has come at a price. They attest that homes are taking longer to complete than a few years ago since the same labour pool is now spread over a larger number of homes.

**Contact: Dianne Himbeault (204) 983-5648, dhimbeau@cmhc-schl.gc.ca**

# Ontario

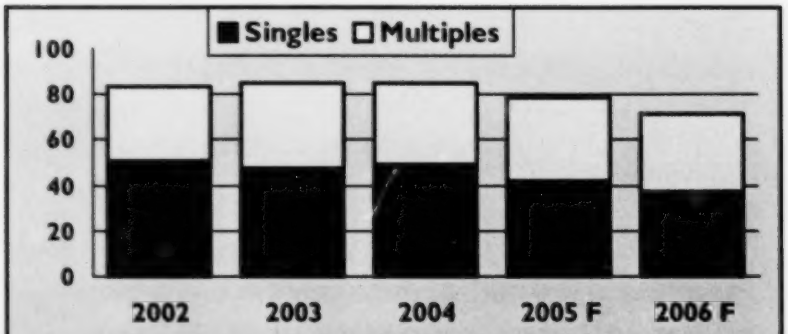
## Overview

**Existing home market will capture market share**

Ontario home starts will remain above historical averages but will lose ground to the existing home market. Rising new detached home prices, increasing construction costs, land constraints, and increased choice in the resale market will pull starts lower in 2005 to 78,500 units and to 71,500 units in 2006.

A high Canadian dollar and modest interest rate hikes suggests productivity enhancing business spending on machinery and equipment along with consumer spending respectively, will contribute most to Ontario economic growth. This will partially offset the drag on GDP caused by provincial fiscal constraints and a softer export market. The need to boost productivity suggests that while GDP growth continues, albeit at a slower rate, job growth will slow more noticeably.

## Ontario Starts ('000's)




Source: CMHC

Less housing market stimulus coming from job growth and interest rates will be met by slower population growth due to an aging Ontario population and slower growth in migration. Despite increases in Ontario immigration in 2004, Ontario's share of Canadian immigration has been drifting lower (from a 2001 high of 59% to a projected 52% for 2004). Similarly, inter provincial migration flows between Ontario and the rest of Canada will remain negative. A slower pace of manufacturing employment growth combined with the relatively high cost of housing will make Ontario a less appealing destination for migrants this year and next.

## In Detail

**Single Starts:** Despite a rapidly growing mid 40s population which prefers low density homes, higher economic costs of owning a detached home will turn against the average Ontario home buyer. Single starts will decrease to 42,000 units in 2005 and to 37,500 units in 2006.

**Multiple Starts:** A shrinking but healthy pool of first time buyers looking for less expensive forms of housing combined with provincial government policies that favour higher density housing suggests that multiple starts, particularly condominiums will remain strong. Multiple starts will edge higher to 36,500 units in 2005 and decrease to 34,000 units in 2006.

**Resales:** Sales through the Multiple Listing Services will pull back modestly from an all time record in 2004 as home prices and mortgage rates inch up. MLS® sales will edge lower in 2005 to 192,000 units and will decrease to 186,000 units in 2006.

**Prices:** Home prices are high and typically growing at several times inflation. The gap with inflation will be narrowed by growing existing home listings. Look for Ontario home prices to rise by 7.2 and 4.6 per cent in 2005 and 2006, respectively.

## Provincial Highlight

**Ontario Homebuying Intentions Remain Healthy**

Similar to previous consumer homebuying surveys released by CMHC, the share of households in Toronto and Ottawa thinking about a home purchase in 2005 remains at high levels. Smaller sized, first time buying households looking for an existing home continue to be a dominant force. Homebuying intentions are supported by positive economic conditions which include low borrowing costs and a healthy consumer and job market. Some key results from the survey include:

- Approximately half of potential homebuyers are one and two person households,
- First time buyers represent the majority of potential buyers,
- Middle aged buyers between 35-44 are most interested in purchasing a home,
- Well over half of potential buyers plan to purchase in an established neighbourhood.

The survey findings are consistent with our upbeat forecast of housing activity in the near term, particularly for the existing home market.

**Contact: Ted Tsiakopoulos (416) 218-3407, ttsiakop@cmhc-schl.gc.ca**

# Quebec

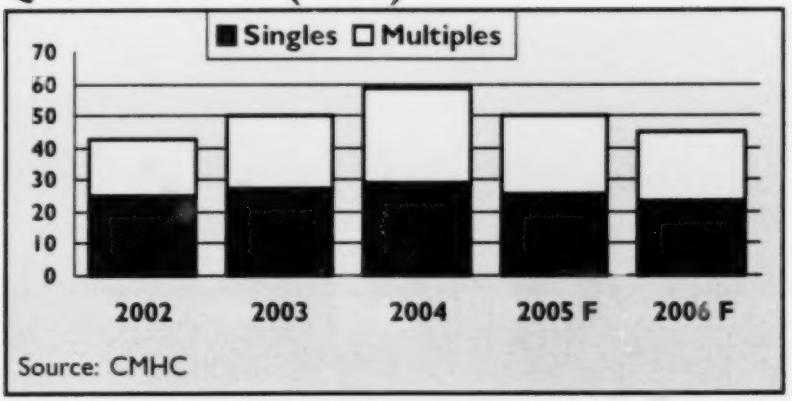
## Overview

**Housing starts will decline in 2005**

Following several years of strong growth housing starts will decrease to 50,000 units in 2005 and to 45,000 units in 2006.

The provincial economy will experience moderate growth of 2.5 per cent in 2005 and 2.7 per cent in 2006. Consumer spending and business investment will be stalwarts for economic growth. On the other hand, a tight financial context continues to confine government spending to key sectors such as health care. Moreover, exports will continue to adjust to the higher dollar and the resulting decrease in competitiveness. With a record share of Quebeckers employed and the provincial unemployment is near record lows future employment growth will be constrained by population growth. Therefore, in 2005 and 2006 employment growth will slow to 1.1 per cent and will contribute to decreased housing demand.

## Quebec Starts (000's)




Source: CMHC

Steady increases in immigration has boosted total net migration from 15,000 people in 2000 to over 33,000 in 2004, adding over 120,000 residents to the province's population. Positive net-migration will continue to supplement population growth and household formation in Quebec in 2005 and 2006. Meanwhile, the province's growing seniors population is already translating into increased demand for various forms of apartment construction such as condominiums geared to retirement aged clientèle and seniors residences.

## In Detail

**Single Starts :** Starts of single detached homes will be in the vicinity of 26,000 units in 2005 and 24,000 units in 2006. Slower employment growth, slightly rising mortgage rates, increasing inventory on the resale market, and price pressures will continue to erode demand for single homes.

**Multiple Starts :** After several years of very strong growth, multi-family home building in Quebec - especially that of apartments - will drop in 2005. However, as the demographic landscape continues to fuel demand for condominiums, seniors residences, and conventional rental housing, housing starts in this market segment will remain at high levels. Multi-family starts will decrease to 24,500 units in 2005 and to 21,500 units in 2006.

**Resales :** Slower employment growth, modest interest rate increases, and rising home prices will lead to lower sales of existing homes. MLS sales will decrease to 61,000 units in 2005 and 58,000 in 2006.

**Prices :** Despite increases in resale listings and lower demand, prices in the resale home market will continue to rise but at a noticeably slower pace in the next few years. Nevertheless, market conditions continue to favour sellers and home prices will continue to increase more rapidly than overall inflation. The average price in the province is expected to reach $186,000 in 2005 and $194,000 in 2006.

## Provincial Highlight

**Migration continues to sustain the housing market**

In 2004, migration once again helped sustain the housing market in Quebec. In fact, according to the latest data released from Statistics Canada, total net migration for 2004 reached 33 299, an increase of 6 per cent compared to 2003 and the highest level since 1988. Migration in 2004 was marked by a faster pace of immigration, which surpassed 44,000 (a 12 per cent rise from the previous year) and, on the interprovincial side, a net loss of over 2,000 residents to other provinces.

Whereas the main impact of the strong immigration lies on the island of Montreal's rental market, we can expect that the suburban areas will also benefit given the fact that an increasing portion of immigrants now land outside of the island. For housing in general, there is no denying that the recent strong growth in net migration, which has added over 120,000 residents to Quebec's population since 2001, will have an impact in the years to come as immigrants eventually move out of the rental market into home ownership.

**Contact : Kevin Hughes (514) 283-4488, khughes@cmhc-schl.gc.ca**

# New Brunswick

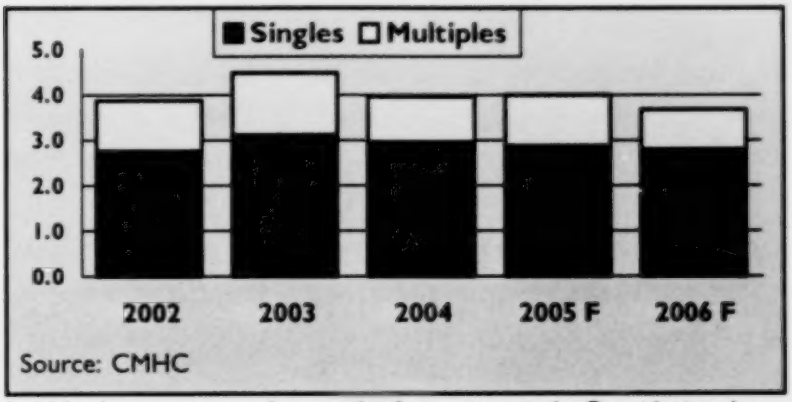
## Overview

**Residential construction will edge higher in 2005**

Capital investment will play a key role in fuelling economic growth in New Brunswick over the forecast period. Major investment in road infrastructure, including the twinning of the Trans-Canada Highway in the northwest, will provide major stimulus to the provincial economy. Construction of a $750 million LNG terminal and the Trans-Canada Pipeline co-generation plant in Saint John, as well as the refurbishment of the Point Lepreau nuclear power plant could also fuel economic growth once these major projects are approved. These projects would also stimulate job growth, in the construction sector initially and in the manufacturing sector once the projects are completed. However, the expected slow down in exports will somewhat offset the potential rise in capital investment. The high value of the Canadian dollar will most likely hold back export growth over the forecast period. Considering that New Brunswick is a trade-focused province, annual GDP growth is not expected to exceed 3 per cent in 2005 and 2006. Job growth will remain relatively strong in the service sector, but expected job cuts in the manufacturing sector and in the public administration will cause employment to grow at a modest pace of 1 and 1.2 per cent in 2005 and 2006, respectively.

Rising inventory in the resale market and increasing land costs will cause a decline in single starts. However, a rise in semi-detached starts and new affordable housing projects will offset the drop in single starts. Expect 4,000 and 3,700 starts in 2005 and 2006, respectively.

## New Brunswick Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** A slight increase in mortgage rates combined with rising construction costs and lot prices in urban centres will cause a slow down in single starts over the forecast period. An ample supply of existing homes available for sale will also cause a drop in single starts as potential buyers opt for the resale market. Expect single starts to drop to 2,900 and 2,800 units in 2005 and 2006, respectively.

**Multiple Starts:** Following weak levels of construction activity in all 3 larger urban centres last year, expect multiple starts to bounce back in all regions. Rental starts will be particularly strong over the forecast period as rising homeownership costs will fuel demand for rental accommodations. Furthermore, the new affordable housing program will also help multiple starts to bounce back from 977 units in 2004 to 1,100 units in 2005. Multiple starts will decrease to 900 units in 2006.

**Resales:** Rising new listings and a broadening gap between existing and new home prices will cause many households to opt for the resale market. Expect MLS® sales to reach a record level of 6,200 units in 2005, before slowing to 6,100 units in 2006.

**Prices:** Price growth in 2005 will cool due to a significant rise in listings. Multiple offers on properties will not be as common in 2005. Furthermore, demand for more expensive homes will weaken due to rising mortgage rates and homeownership costs. Expect the average MLS® price to grow at a much slower pace of 3.2 per cent in 2005 and 3 per cent in 2006.

## Provincial Highlight

**Provincial budget offers slight boost to disposable income and tax exemptions for low income rental property**

A balanced budget was tabled on March 30 at the legislative assembly by Finance Minister Jeannot Volpé. The budget focused mainly on investments in health and senior care, as well as education and children. There were no tax increases or new taxes. Provincial income tax credits and tax brackets have been indexed to guard against inflation. Indexation combined with the Low-Income Tax Reduction for 2005 means that New Brunswickers will enjoy slightly higher disposable income. However, the rise in disposable income will unlikely have any significant impact on housing demand. From a housing perspective, the budget notes that qualifying non-profit housing organizations will be able to apply for a provincial property tax exemption on their low-income residential rental property. Overall, this seems to be a relatively positive budget, but there are no major announcements that would influence the current housing forecast.

**Contact: Benoit Champoux (506) 851-2742, bchampou@cmhc-schl.gc.ca**

# Nova Scotia

## Overview

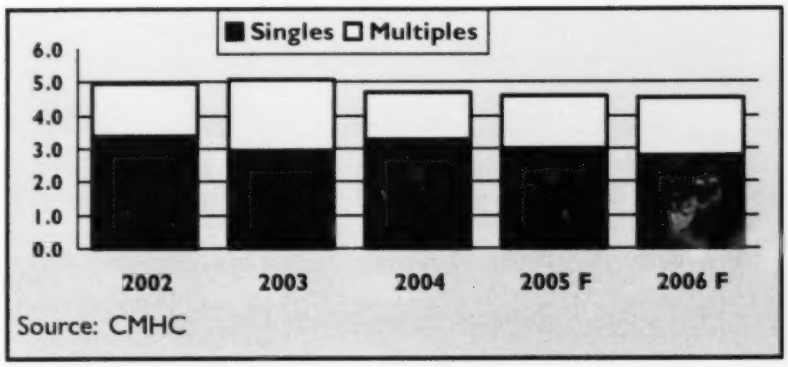
**Expect a soft landing**

Over the next two years, activity in Nova Scotia's housing market is expected to continue its gradual descent from the recent peak in the residential real estate cycle. Economic and labour market conditions will be strong enough to engineer a soft landing for the housing market, however, they will be weak in comparison with other provinces and this will limit net migration in 2005 and particularly in 2006.

While retail sales and residential construction activity are forecast to decline as interest and mortgage rates rise, non-residential construction activity is expected to accelerate through 2006. The potential $350 million Bear Head LNG terminal appears increasingly likely to proceed and this will complement the Halifax Harbour Clean-Up and the Sydney Tar Ponds Clean-Up, as well as construction projects on university and college campuses and new retail parks in Metro Halifax. Furthermore, the provincial government appears to be on a fairly solid fiscal footing, which will also lend some stability to the all important public sector in Nova Scotia.

In the absence of substantial net migration at the provincial level, there is little to maintain housing demand momentum over the next two years. While existing home inventories are expanding strongly and borrowing costs remain very low, pent-up demand has long been satisfied and it is beginnng to appear that the exceptional level of sales over the past three years may have included some activity that was accelerated from what would otherwise have occurred in 2004-2006. Consequently, total housing starts are expected to slip from 4,717 in 2004 to 4,575 this year and to 4,550 next year.

## Nova Scotia Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** A rapidly expanding inventory of homes for sale and a decline in home ownership demand will result in fewer single-detached housing starts in both 2005 and 2006. Uncertainty regarding the supply of building lots in Metro Halifax over the next two years will also be a factor in this decline to some extent. Single starts are forecast to fall approximately 8 per cent to 3,000 this year and about 7 per cent to 2,800 in 2006.

**Multiple Starts**: Rising mortgage rates later this year will favour less expensive forms of housing across the province. Rental demand is expected to increase, particularly in Metro Halifax, while rising home ownership carrying costs will also stimulate construction of less expensive home ownership options such as modest condos and townhouses as developers attempt to manage rising costs. This will precipitate a nine per cent rebound in multiple starts to 1,575 this year and an 11 per cent increase to 1,750 in 2006.

**Resales:** Resale market activity is expected to continue to weaken as rising mortgage rates, property taxes and utility expenses drive up home ownership carrying costs and cap home ownership demand. MLS sales are forecast to slip to 8,800 this year and fall further to 8,550 in 2006.

**Prices:** Rapidly softening resale markets across the province and a shift in demand toward first time buyers in 2005 will result in a fairly sharp deceleration in MLS sale price growth to two per cent this year and three per cent in 2006; well below the seven per cent average posted in the 2000-2004 period.

## Provincial Highlight

**Potential major investments may boost provincial economy**

Enthusiasm about the potential for the energy industry in Nova Scotia has been curbed by lacklustre exploratory drilling results and downgraded Sable reserve estimates. However, plans for two Liquid Natural Gas (LNG) terminals and a petrochemical plant in Nova Scotia are renewing optimism. Anadarko is proceeding with plans to build a $350 million LNG terminal in Cape Breton while Keltic Petrochemicals is interested in developing the largest petrochemical plant in North America in Guysborough County, supported by another LNG terminal. Should these projects proceed, they would provide a boost to the provincial economy as well as the relatively depressed local economies and housing markets of Guysborough and Cape Breton.

**Contact: David McCulloch (902) 426-8465, dmccullo@cmhc-schl.gc.ca**

# P.E.I.

## Overview

**Starts to remain strong in 2005**

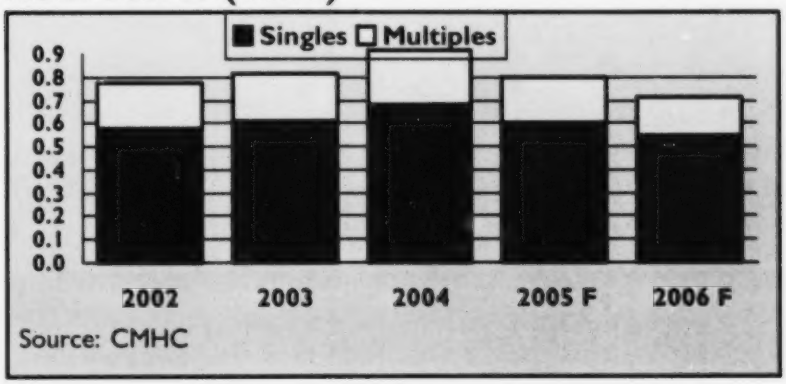
The provincial economy expanded by an estimated 1.4 per cent in 2004. The sluggish pace of growth reflects a number of challenges that the island faced last year. The tourism sector failed to record growth in 2004, and actually posted a decrease for the fourth year in a row. This was mainly attributed to the high Canadian dollar, which prompted many Canadians to travel outside the country for their vacation. Also, the number of tourists from the US dropped again in 2004, due to security concerns and the high dollar which again made the region less attractive. These trends are expected to have a smaller impact in 2005. Also, the province's marketing efforts to boost tourism are expected to pay off and as a result will contribute positively to the Island's economic growth over the forecast period.

The agriculture sector continued to suffer in 2004 as BSE concerns lingered, and the price of potatoes slumped. Although potato production increased slightly in 2004, as the result of more favourable growing conditions, the price declines more than offset increased production. As a result farm cash receipts posted an overall decrease again in 2004.

On the positive side the Island has some major capital projects scheduled to start in 2005, the largest being the new federal government building in Charlottetown.

Housing starts are expected to remain strong this year as a result of the continued strength of single starts in the Charlottetown area, as well as a several new multiple projects in Summerside. Housing starts are expected to decline slightly in 2005 with total starts reaching a level of 800 units in 2005, down from 919 in 2004. Starts will decrease to 710 units in 2006.

## P.E.I. Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** The construction of single-family homes is expected to remain strong with 605 units in 2005, a decline of 77 units from 2004. Single starts will fall to 550 units in 2006. Charlottetown will continue to capture the largest number of single starts, however, it is expected that rural starts will also contribute positively to growth which will continue to remain above average.

**Multiple Starts:** Following two years of growth in multiple starts, a slight decrease is expected in 2005, as developers allow the existing projects to be fully absorbed into the local market. In 2005 it is expected that 195 multiple units will be started, compared to 237 in 2004. Multiple starts will fall to 160 units in 2006. Summerside should see continued strength in multiple starts again in 2005, after a stronger 2004, posting the highest level of multiple starts in over a decade.

**Resales:** MLS sales have remained close to the 1,400 mark in PEI for the last four years. MLS sales will come in at 1,450 units in 2005 and 2006. The main reason for stability in sales has been the low levels of new listing in the key urban markets.

**Prices:** The continued strong demand for existing homes in urban areas of the province and for recreational properties (which are on average more expensive) combined with the low level of listings will cause the average MLS resale price to rise by 2.6 per cent to $113,750 in 2005 and by 2.6 per cent to $116,750 in 2006.

## Provincial Highlight

**Multiple Construction in Summerside**

After ten years of little multiple construction activity in the Summerside area, developers have decided the time is right for building new units. Currently the area has very few high-end units aimed at the empty-nester market, compared to Charlottetown where there has been strong growth in the past 5 years. Also, the apartment vacancy rate in Summerside is at a ten year low.

The proposed projects are similar to what has already been built previously in Charlottetown. These include large two bedroom units, with amenities such as five appliances, hardwood and ceramic floors. There is also the possibility of a condominium project being started this year which would be a first for this part of the province.

**Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca**

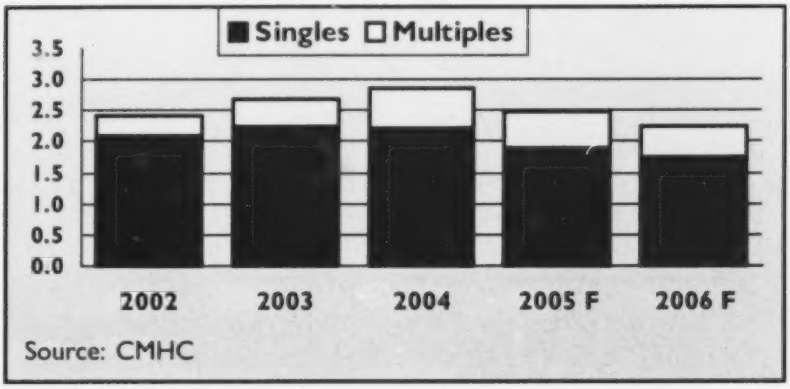
# Newfoundland and Labrador

## Overview

### Economic picture has improved

Increased government spending and gains in key resource industries will boost economic growth in Newfoundland. A new agreement with Ottawa on the Atlantic Accord along with increased federal transfers related to health care and equalization will bolster provincial revenues over the long term. As a result, government spending will increase in the coming years which is a reversal of expectations from only a few months ago. When coupled with higher offshore oil royalties and the start of production at both the White Rose oil field and Voisey's Bay mine later this year, the outlook for real GDP in 2005 has been revised up to 2.0 per cent. A rebound in iron ore production and modest gains in consumer spending will also contribute to the improved economic picture for 2005. Despite the improved outlook, uncertainty in the crab fishery, highlighted by anticipated work stoppages in the harvesting sector this Spring, will have a dampening effect on rural economies. Expect real GDP to spike up to 5.0 per cent in 2006 largely as a result of full year production at Voisey's Bay and White Rose. With offshore oil royalties growing and federal transfers rising steadily, sustained increases in government expenditures are also anticipated next year. Although consumer spending will remain a positive, higher interest rates and modest income growth will temper overall gains . Employment growth will also continue over the forecast period albeit at a weaker pace than in recent years. Declining fish stocks and labour unrest will create significant uncertainty in the fishery and contribute to further population losses as affected workers leave the province in search of employment. Housing starts will decrease to 2,475 units in 2005 and to 2,250 units in 2006.

### Newfoundland and Labrador Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** With the pace of employment and income growth slowing down and interest rates on the rise demand for new single-detached homes is forecast to taper off. Competition from an increasing supply of more moderately priced existing homes will also dampen demand for newly built units. Single starts will also be hampered by the ongoing shift towards less expensive medium density options such as semi-detached and duplex units. Accordingly, expect single starts to decrease to 1,900 units in 2005 and to 1,750 units in 2006.

**Multiple Starts**: While the multiples market will remain active relative to the past decade, modest declines are also anticipated in this segment as well. Multiple starts have been heavily concentrated in the ownership segment since the late 1980's. Multiple starts will decrease to 575 units in 2005 and to 500 units in 2006. Nevertheless, demand spill over from the singles market and investment in affordable housing from the public sector will limit the overall decline.

**Resales:** Softer conditions will also be felt in the resale market. However, with more competitively priced existing homes being offered for sale and builders continuing to use the MLS ® system to sell their product will provide a partial offset. Expect MLS ® sales to decrease to 3,100 units in 2005 and to 3,000 units in 2006.

**Prices:** With the market in St. John's moving to more balanced conditions, growth in the average MLS ® house price will be 1.1 per cent in 2005 and 1.5 per cent in 2006.

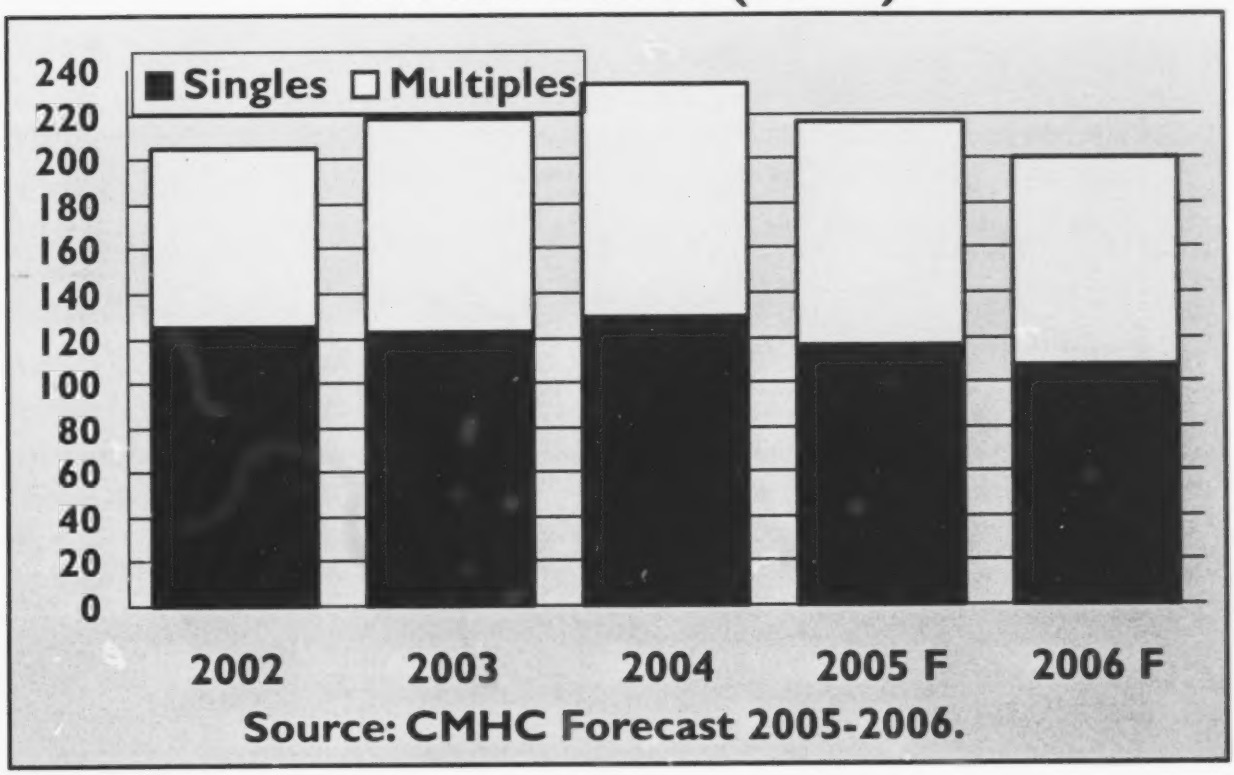
## Provincial Highlight

### St. John's housing market benefiting from immigration

While the province has historically experienced a net loss of people through migration, this has not always been the case for the St. John's region. In fact, the migration picture has improved significantly for St. John's in recent years, with a net gain of approximately 3,700 persons since 2000. Furthermore, over the past three years, migration has gathered momentum with the St. John's region experiencing an average gain of approximately 1,100 persons per year. Further analysis indicates that the vast majority of these immigrants are over the age of 25. While these individuals have created demand for a broad range of housing options, analysis of their age structure would indicate that home ownership has been a major benefactor. Expectations for further development in the offshore oil industry along with uncertainty in rural areas stemming from problems in the fishery will continue to support movement to this region over the long term.

**Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca**

# Canada Starts (000's)




Source: CMHC Forecast 2005-2006.

## Total Housing Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 1,459 | 1,788 | 2,419 | 2,692 | 2,870 | 2,475 | 2,250 |
| % | 6.4 | 22.5 | 35.3 | 11.3 | 6.6 | -13.8 | -9.1 |
| PEI | 710 | 675 | 775 | 814 | 919 | 800 | 710 |
| % | 15.3 | -4.9 | 14.8 | 5.0 | 12.9 | -12.9 | -11.3 |
| NS | 4,432 | 4,092 | 4,970 | 5,096 | 4,717 | 4,575 | 4,550 |
| % | 4.3 | -7.7 | 21.5 | 2.5 | -7.4 | -3.0 | -0.5 |
| NB | 3,079 | 3,462 | 3,862 | 4,489 | 3,947 | 4,000 | 3,700 |
| % | 10.9 | 12.4 | 11.6 | 16.2 | -12.1 | 1.3 | -7.5 |
| QUE | 24,695 | 27,682 | 42,452 | 50,289 | 58,448 | 50,000 | 45,000 |
| % | -4.1 | 12.1 | 53.4 | 18.5 | 16.2 | -14.5 | -10.0 |
| ONT | 71,521 | 73,282 | 83,597 | 85,180 | 85,114 | 78,500 | 71,500 |
| % | 6.4 | 2.5 | 14.1 | 1.9 | -0.1 | -7.8 | -8.9 |
| MAN | 2,560 | 2,963 | 3,617 | 4,206 | 4,440 | 4,600 | 4,800 |
| % | -18.3 | 15.7 | 22.1 | 16.3 | 5.6 | 3.6 | 4.3 |
| SASK | 2,513 | 2,381 | 2,963 | 3,315 | 3,781 | 3,850 | 3,600 |
| % | -18.6 | -5.3 | 24.4 | 11.9 | 14.1 | 1.8 | -6.5 |
| ALTA | 26,266 | 29,174 | 38,754 | 36,171 | 36,270 | 34,000 | 32,500 |
| % | 3.2 | 11.1 | 32.8 | -6.7 | 0.3 | -6.3 | -4.4 |
| BC | 14,418 | 17,234 | 21,625 | 26,174 | 32,925 | 33,600 | 31,600 |
| % | -11.6 | 19.5 | 25.5 | 21.0 | 25.8 | 2.1 | -6.0 |
| Canada | 151,653 | 162,733 | 205,034 | 218,426 | 233,431 | *216,400 | *200,200 |
| % | 1.1 | 7.3 | 26.0 | 6.5 | 6.9 | -7.3 | -7.5 |

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

## Single-detached Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 1,315 | 1,598 | 2,092 | 2,240 | 2,229 | 1,900 | 1,750 |
| % | 6.7 | 21.5 | 30.9 | 7.1 | -0.5 | -14.8 | -7.9 |
| PEI | 614 | 551 | 582 | 613 | 682 | 605 | 550 |
| % | 30.1 | -10.3 | 5.6 | 5.3 | 11.3 | -11.3 | -9.1 |
| NS | 2,856 | 2,761 | 3,363 | 2,968 | 3,270 | 3,000 | 2,800 |
| % | -14.6 | -3.3 | 21.8 | -11.7 | 10.2 | -8.3 | -6.7 |
| NB | 2,442 | 2,573 | 2,769 | 3,139 | 2,970 | 2,900 | 2,800 |
| % | 10.9 | 5.4 | 7.6 | 13.4 | -5.4 | -2.4 | -3.4 |
| QUE | 15,349 | 17,193 | 25,257 | 27,225 | 28,871 | 25,500 | 23,500 |
| % | -2.8 | 12.0 | 46.9 | 7.8 | 6.0 | -11.7 | -7.8 |
| ONT | 41,087 | 39,632 | 51,114 | 47,610 | 48,929 | 42,000 | 37,500 |
| % | 4.2 | -3.5 | 29.0 | -6.9 | 2.8 | -14.2 | -10.7 |
| MAN | 2,348 | 2,460 | 3,016 | 3,165 | 3,484 | 3,600 | 3,800 |
| % | 5.2 | 4.8 | 22.6 | 4.9 | 10.1 | 3.3 | 5.6 |
| SASK | 1,890 | 1,627 | 1,931 | 2,097 | 2,193 | 2,200 | 2,200 |
| % | -8.7 | -13.9 | 18.7 | 8.6 | 4.6 | 0.3 | 0.0 |
| ALTA | 16,835 | 19,769 | 24,520 | 21,918 | 22,487 | 21,000 | 20,000 |
| % | 0.9 | 17.4 | 24.0 | -10.6 | 2.6 | -6.6 | -4.8 |
| BC | 7,448 | 7,862 | 10,730 | 12,252 | 14,056 | 13,800 | 12,600 |
| % | -14.7 | 5.6 | 36.5 | 14.2 | 14.7 | -1.8 | -8.7 |
| CAN | 92,184 | 96,026 | 125,374 | 123,227 | 129,171 | *116,500 | *107,500 |
| % | 0.0 | 4.2 | 30.6 | -1.7 | 4.8 | -9.8 | -7.7 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 144 | 190 | 327 | 452 | 641 | 575 | 500 |
| % | 4.3 | 31.9 | 72.1 | 38.2 | 41.8 | -10.3 | -13.0 |
| PEI | 96 | 124 | 193 | 201 | 237 | 195 | 160 |
| % | -33.3 | 29.2 | 55.6 | 4.1 | 17.9 | -17.7 | -17.9 |
| NS | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,575 | 1,750 |
| % | 74.1 | -15.5 | 20.7 | 32.4 | -32.0 | 8.8 | 11.1 |
| NB | 637 | 889 | 1,093 | 1,350 | 977 | 1,100 | 900 |
| % | 10.8 | 39.6 | 22.9 | 23.5 | -27.6 | 12.6 | -18.2 |
| QUE | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 24,500 | 21,500 |
| % | -6.0 | 12.2 | 63.9 | 34.1 | 28.2 | -17.2 | -12.2 |
| ONT | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 36,500 | 34,000 |
| % | 9.4 | 10.6 | -3.5 | 15.7 | -3.7 | 0.9 | -6.8 |
| MAN | 212 | 503 | 601 | 1,041 | 956 | 1,000 | 1,000 |
| % | -76.5 | 137.3 | 19.5 | 73.2 | -8.2 | 4.6 | 0.0 |
| SASK | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,650 | 1,400 |
| % | -38.9 | 21.0 | 36.9 | 18.0 | 30.4 | 3.9 | -15.2 |
| ALTA | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 13,000 | 12,500 |
| | 7.7 | -0.3 | 51.3 | 0.1 | -3.3 | -5.7 | -3.8 |
| BC | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 19,800 | 19,000 |
| % | -8.0 | 34.5 | 16.3 | 27.8 | 35.5 | 4.9 | -4.0 |
| CAN | 59,469 | 66,707 | 79,660 | 95,199 | 104,260 | *99,900 | *92,700 |
| % | 2.9 | 12.2 | 19.4 | 19.5 | 9.6 | -4.2 | -7.2 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Housing Starts by Type (Units)

| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|---|
| NF | Semi-detached | 44 | 30 | 36 | 66 | 264 | 200 | 175 |
| | Row | 23 | 36 | 42 | 107 | 51 | 55 | 50 |
| | Apartment | 77 | 124 | 249 | 279 | 326 | 320 | 275 |
| | Total | 144 | 190 | 327 | 452 | 641 | 575 | 500 |
| PEI | Semi-detached | 46 | 56 | 64 | 72 | 76 | 60 | 50 |
| | Row | 21 | 10 | 47 | 40 | 80 | 45 | 40 |
| | Apartment | 29 | 58 | 82 | 89 | 81 | 90 | 70 |
| | Total | 96 | 124 | 193 | 201 | 237 | 195 | 160 |
| NS | Semi-detached | 266 | 228 | 253 | 338 | 266 | 225 | 215 |
| | Row | 17 | 40 | 144 | 277 | 186 | 175 | 260 |
| | Apartment | 1,293 | 1,063 | 1,210 | 1,513 | 995 | 1,175 | 1,275 |
| | Total | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,575 | 1,750 |
| NB | Semi-detached | 113 | 114 | 186 | 254 | 293 | 350 | 300 |
| | Row | 26 | 153 | 68 | 143 | 256 | 155 | 100 |
| | Apartment | 498 | 622 | 839 | 953 | 428 | 595 | 500 |
| | Total | 637 | 889 | 1,093 | 1,350 | 977 | 1,100 | 900 |
| QC | Semi-detached | 1,291 | 1,309 | 1,855 | 2,432 | 2,932 | 2,500 | 2,400 |
| | Row | 858 | 869 | 964 | 773 | 1,109 | 900 | 800 |
| | Apartment | 7,197 | 8,311 | 14,376 | 19,859 | 25,536 | 21,100 | 18,300 |
| | Total | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 24,500 | 21,500 |
| ON | Semi-detached | 7,167 | 7,106 | 6,886 | 6,379 | 5,172 | 4,750 | 3,950 |
| | Row | 10,846 | 10,269 | 11,849 | 12,191 | 12,824 | 13,750 | 13,050 |
| | Apartment | 12,421 | 16,275 | 13,748 | 19,000 | 18,189 | 18,000 | 17,000 |
| | Total | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 36,500 | 34,000 |
| MAN | Semi-detached | 52 | 51 | 68 | 88 | 132 | 105 | 70 |
| | Row | 63 | 84 | 76 | 62 | 92 | 95 | 80 |
| | Apartment | 97 | 368 | 457 | 891 | 732 | 800 | 850 |
| | Total | 212 | 503 | 601 | 1,041 | 956 | 1,000 | 1,000 |
| SK | Semi-detached | 148 | 116 | 142 | 95 | 184 | 150 | 200 |
| | Row | 173 | 240 | 456 | 594 | 681 | 600 | 400 |
| | Apartment | 302 | 398 | 434 | 529 | 723 | 900 | 800 |
| | Total | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,650 | 1,400 |
| ALB | Semi-detached | 1,518 | 1,957 | 2,869 | 2,567 | 2,916 | 2,950 | 3,500 |
| | Row | 1,545 | 1,779 | 2,531 | 2,859 | 2,401 | 2,350 | 2,800 |
| | Apartment | 6,368 | 5,669 | 8,834 | 8,827 | 8,466 | 7,700 | 6,200 |
| | Total | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 13,000 | 12,500 |
| B.C. | Semi-detached | 885 | 916 | 1,225 | 1,353 | 2,062 | 2,200 | 2,250 |
| | Row | 1,675 | 1,686 | 2,305 | 3,297 | 4,387 | 4,500 | 4,350 |
| | Apartment | 4,410 | 6,770 | 7,365 | 9,272 | 12,420 | 13,100 | 12,400 |
| | Total | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 19,800 | 19,000 |
| CAN | Semi-detached | 11,530 | 11,883 | 13,584 | 13,644 | 14,297 | 13,490 | 13,110 |
| | Row | 15,247 | 15,166 | 18,482 | 20,343 | 22,067 | 22,625 | 21,930 |
| | Apartment | 32,692 | 39,658 | 47,594 | 61,212 | 67,896 | 63,780 | 57,670 |
| | Total | 59,469 | 66,707 | 79,660 | 95,199 | 104,260 | *99,900 | *92,700 |

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

## Total Residential Resales
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 2,593 | 2,808 | 3,014 | 3,238 | 3,265 | 3,100 | 3,000 |
| % | 6.4 | 8.3 | 7.3 | 7.4 | 0.8 | -5.1 | -3.2 |
| PEI | 1,206 | 1,234 | 1,306 | 1,404 | 1,500 | 1,450 | 1,450 |
| % | 1.9 | 2.3 | 5.8 | 7.5 | 6.8 | -3.3 | 0.0 |
| NS | 8,577 | 9,441 | 10,243 | 9,221 | 8,873 | 8,800 | 8,550 |
| % | -2.8 | 10.1 | 8.5 | -10.0 | -3.8 | -0.8 | -2.8 |
| NB | 4,524 | 4,779 | 5,089 | 5,489 | 5,979 | 6,200 | 6,100 |
| % | 3.4 | 5.6 | 6.5 | 7.9 | 8.9 | 3.7 | -1.6 |
| QUE | 54,160 | 62,351 | 68,161 | 67,130 | 69,617 | 61,000 | 58,000 |
| % | 8.8 | 15.1 | 9.3 | -1.5 | 3.7 | -12.4 | -4.9 |
| ONT | 147,158 | 162,318 | 178,058 | 184,457 | 197,354 | 192,000 | 186,000 |
| % | -1.0 | 10.3 | 9.7 | 3.6 | 7.0 | -2.7 | -3.1 |
| MAN | 10,612 | 11,440 | 11,108 | 11,523 | 12,098 | 13,000 | 13,800 |
| % | -2.3 | 7.8 | -2.9 | 3.7 | 5.0 | 7.5 | 6.2 |
| SASK | 7,552 | 7,971 | 7,933 | 7,698 | 8,172 | 8,500 | 8,800 |
| % | -6.2 | 5.5 | -0.5 | -3.0 | 6.2 | 4.0 | 3.5 |
| ALTA | 43,311 | 48,989 | 51,042 | 51,334 | 57,460 | 57,000 | 54,000 |
| % | 1.5 | 13.1 | 4.2 | 0.6 | 11.9 | -0.8 | -5.3 |
| BC | 54,179 | 69,554 | 82,737 | 93,095 | 96,385 | 90,000 | 85,600 |
| % | -6.7 | 28.4 | 19.0 | 12.5 | 3.5 | -6.6 | -4.9 |
| CAN** | 333,872 | 380,885 | 418,691 | 434,589 | 460,703 | *441,100 | *425,300 |
| % | -0.3 | 14.1 | 9.9 | 3.8 | 6.0 | -4.3 | -3.6 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Average Residential Resale Price
## (dollars and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 99,525 | 104,376 | 113,081 | 119,822 | 131,499 | 133,000 | 135,000 |
| % | 5.5 | 4.9 | 8.3 | 6.0 | 9.7 | 1.1 | 1.5 |
| PEI | 82,883 | 87,696 | 94,964 | 101,745 | 110,815 | 113,750 | 116,750 |
| % | 0.9 | 5.8 | 8.3 | 7.1 | 8.9 | 2.6 | 2.6 |
| NS | 109,839 | 115,485 | 126,669 | 136,292 | 146,096 | 149,250 | 154,000 |
| % | 7.0 | 5.1 | 9.7 | 7.6 | 7.2 | 2.2 | 3.2 |
| NB | 91,624 | 95,947 | 100,129 | 105,858 | 112,933 | 116,500 | 120,000 |
| % | 4.0 | 4.7 | 4.4 | 5.7 | 6.7 | 3.2 | 3.0 |
| QUE | 111,296 | 115,820 | 130,403 | 151,881 | 170,647 | 186,000 | 194,000 |
| % | 3.5 | 4.1 | 12.6 | 16.5 | 12.4 | 9.0 | 4.3 |
| ONT | 183,841 | 193,357 | 210,901 | 226,824 | 245,229 | 263,000 | 275,000 |
| % | 5.6 | 5.2 | 9.1 | 7.5 | 8.1 | 7.2 | 4.6 |
| MAN | 87,884 | 93,192 | 96,531 | 106,788 | 119,245 | 130,000 | 138,000 |
| % | 1.7 | 6.0 | 3.6 | 10.6 | 11.7 | 9.0 | 6.2 |
| SASK | 94,047 | 98,310 | 101,297 | 104,995 | 110,824 | 115,000 | 120,000 |
| % | 2.9 | 4.5 | 3.0 | 3.7 | 5.6 | 3.8 | 4.3 |
| ALTA | 146,258 | 153,737 | 170,253 | 182,845 | 194,769 | 206,000 | 218,000 |
| % | 4.8 | 5.1 | 10.7 | 7.4 | 6.5 | 5.8 | 5.8 |
| BC | 221,371 | 222,822 | 238,877 | 259,968 | 289,107 | 308,000 | 321,000 |
| % | 2.8 | 0.7 | 7.2 | 8.8 | 11.2 | 6.5 | 4.2 |
| CAN** | 164,036 | 171,801 | 188,785 | 207,162 | 226,283 | *241,700 | *252,100 |
| % | 3.7 | 4.7 | 9.9 | 9.7 | 9.2 | 6.8 | 4.3 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Employment (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -1.4 | 3.1 | 1.6 | 2.4 | 1.3 | 1.0 | 0.5 |
| PEI | 4.3 | 1.4 | 1.4 | 2.4 | 0.8 | 1.0 | 1.2 |
| NS | 2.0 | 1.0 | 1.7 | 2.1 | 2.4 | 1.5 | 1.3 |
| NB | 1.7 | -0.2 | 3.7 | 0.3 | 1.9 | 1.0 | 1.2 |
| QUE | 2.5 | 1.1 | 3.7 | 1.6 | 1.7 | 1.1 | 1.1 |
| ONT | 3.2 | 1.9 | 1.9 | 2.9 | 1.7 | 1.2 | 1.4 |
| MAN | 2.2 | 0.5 | 2.4 | 0.5 | 1.0 | 1.3 | 1.6 |
| SASK | 0.4 | -2.7 | 1.7 | 1.5 | 1.0 | 1.1 | 1.0 |
| ALTA | 2.7 | 2.9 | 2.5 | 2.8 | 2.3 | 2.1 | 2.0 |
| BC | 2.0 | -0.4 | 2.0 | 2.8 | 2.3 | 2.7 | 2.1 |
| CAN | 2.6 | 1.3 | 2.4 | 2.3 | 1.8 | 1.5 | 1.5 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Unemployment Rate (percent)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 16.7 | 16.0 | 16.6 | 16.4 | 15.6 | 15.4 | 15.4 |
| PEI | 12.1 | 12.0 | 12.1 | 11.0 | 11.3 | 11.3 | 11.3 |
| NS | 9.1 | 9.8 | 9.6 | 9.1 | 8.8 | 8.8 | 8.7 |
| NB | 10.0 | 11.1 | 10.2 | 10.3 | 9.8 | 9.8 | 9.8 |
| QUE | 8.5 | 8.8 | 8.7 | 9.2 | 8.5 | 8.6 | 8.7 |
| ONT | 5.8 | 6.4 | 7.1 | 7.0 | 6.8 | 6.6 | 6.4 |
| MAN | 5.0 | 5.1 | 5.1 | 5.0 | 5.3 | 5.2 | 5.1 |
| SASK | 5.2 | 5.8 | 5.7 | 5.6 | 5.3 | 5.1 | 4.7 |
| ALTA | 5.0 | 4.7 | 5.3 | 5.1 | 4.6 | 4.5 | 4.4 |
| BC | 7.2 | 7.7 | 8.5 | 8.0 | 7.2 | 6.6 | 6.6 |
| CAN | 6.8 | 7.2 | 7.7 | 7.6 | 7.2 | 7.0 | 7.0 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Real Gross Domestic Product (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 5.2 | 1.3 | 16.7 | 6.8 | -0.7 | 2.0 | 5.0 |
| PEI | 1.9 | -0.3 | 6.1 | 1.9 | 1.7 | 1.7 | 2.2 |
| NS | 3.1 | 2.9 | 5.2 | 1.2 | 1.3 | 2.5 | 2.8 |
| NB | 2.1 | 1.3 | 4.8 | 2.5 | 2.6 | 2.7 | 3.0 |
| QUE | 4.3 | 1.1 | 4.1 | 1.9 | 2.2 | 2.5 | 2.7 |
| ONT | 5.9 | 2.0 | 3.4 | 1.6 | 2.6 | 2.4 | 2.8 |
| MAN | 4.3 | 0.8 | 2.2 | 1.5 | 2.3 | 3.0 | 3.1 |
| SASK | 2.6 | -1.8 | -0.3 | 4.5 | 3.5 | 2.9 | 2.9 |
| ALTA | 6.1 | 1.6 | 2.4 | 2.7 | 3.7 | 3.8 | 4.1 |
| BC | 4.6 | 0.9 | 3.3 | 2.5 | 3.9 | 3.2 | 3.3 |
| CAN | 5.2 | 1.8 | 3.4 | 2.0 | 2.8 | 2.6 | 3.2 |

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

## Total Net Migration* (persons)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -4,725 | -3,765 | -2,718 | -454 | -1,878 | -2,550 | -2,100 |
| PEI | 20 | 357 | 151 | 461 | 78 | 175 | 225 |
| NS | -564 | -195 | 1,068 | 1,484 | 244 | 600 | 500 |
| NB | -1,411 | -1,175 | 543 | -761 | 64 | -350 | -100 |
| QUE | 14,848 | 27,730 | 28,012 | 31,515 | 33,299 | 33,000 | 34,000 |
| ONT | 151,099 | 162,871 | 134,176 | 101,198 | 97,062 | 103,000 | 107,000 |
| MAN | -377 | -807 | 1,722 | 3,245 | 6,025 | 6,250 | 6,750 |
| SASK | -7,648 | -7,675 | -6,334 | -2,998 | -1,711 | -1,000 | -800 |
| ALTA | 34,012 | 38,273 | 29,100 | 22,395 | 24,758 | 25,400 | 26,200 |
| BC | 14,483 | 28,700 | 23,105 | 31,660 | 35,556 | 40,000 | 43,400 |
| CAN** | 199,737 | 244,314 | 208,825 | 187,745 | 193,497 | *204,525 | *215,075 |

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index, annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Victoria | 2004 | 2363 | 1038 | 9.0 | 7685 | 325412 | 0.6 |
| | 2005(F) | 2550 | 1090 | 7.5 | 7850 | 355000 | 1.2 |
| | 2006(F) | 2325 | 1020 | 6.0 | 7500 | 360000 | 2.1 |
| Vancouver | 2004 | 19430 | 5614 | 5.0 | 37972 | 373877 | 1.3 |
| | 2005(F) | 19400 | 4800 | 5.2 | 36000 | 405000 | 1.5 |
| | 2006(F) | 18500 | 4500 | 5.0 | 35000 | 425000 | 1.5 |
| Abbotsford | 2004 | 1083 | 607 | n.a. | 3740 | 232175 | 2.8 |
| | 2005(F) | 950 | 525 | n.a. | 3500 | 245000 | 3.0 |
| | 2006(F) | 910 | 500 | n.a. | 3300 | 250000 | 2.5 |
| Edmonton | 2004 | 11488 | 6614 | 4.0 | 17652 | 179610 | 5.3 |
| | 2005(F) | 10300 | 6400 | 4.0 | 17600 | 189000 | 5.0 |
| | 2006(F) | 9850 | 6150 | 4.0 | 17000 | 198000 | 4.8 |
| Calgary | 2004 | 14008 | 8233 | 5.6 | 26511 | 222860 | 4.3 |
| | 2005(F) | 13200 | 8000 | 5.0 | 28750 | 242800 | 4.2 |
| | 2006(F) | 12250 | 7450 | 4.0 | 28250 | 261000 | 4.2 |
| Saskatoon | 2004 | 1578 | 753 | 4.7 | 2999 | 132549 | 6.3 |
| | 2005(F) | 1550 | 700 | 5.0 | 3200 | 138000 | 5.5 |
| | 2006(F) | 1300 | 700 | 4.0 | 3400 | 144000 | 5.0 |
| Regina | 2004 | 1242 | 605 | 6.5 | 2785 | 111869 | 2.7 |
| | 2005(F) | 1250 | 600 | 7.0 | 2900 | 118000 | 2.7 |
| | 2006(F) | 1150 | 550 | 6.0 | 3000 | 124000 | 3.0 |
| Winnipeg | 2004 | 2489 | 1882 | 6.4 | 10797 | 121925 | 1.1 |
| | 2005(F) | 2700 | 1950 | 7.4 | 11700 | 132000 | 1.3 |
| | 2006(F) | 2850 | 2050 | 6.1 | 12500 | 141000 | 1.5 |
| Thunder Bay | 2004 | 287 | 241 | 1.9 | 1453 | 112500 | 5.0 |
| | 2005(F) | 285 | 220 | 1.5 | 1380 | 113625 | 5.5 |
| | 2006(F) | 260 | 210 | 1.0 | 1350 | 114193 | 6.0 |
| Sudbury | 2004 | 388 | 374 | 1.9 | 2500 | 122866 | 2.6 |
| | 2005(F) | 440 | 390 | 1.5 | 2600 | 126500 | 2.0 |
| | 2006(F) | 420 | 370 | 1.0 | 2488 | 129000 | 2.5 |
| Windsor | 2004 | 2287 | 1539 | 0.4 | 5832 | 159597 | 8.8 |
| | 2005(F) | 1960 | 1300 | 2.5 | 5650 | 168500 | 6.5 |
| | 2006(F) | 1845 | 1200 | 2.5 | 5500 | 172500 | 6.0 |
| London | 2004 | 3078 | 2336 | 4.7 | 9238 | 167344 | 3.7 |
| | 2005(F) | 3114 | 1945 | 4.5 | 8600 | 177000 | 4.2 |
| | 2006(F) | 2555 | 1825 | 3.3 | 8100 | 181500 | 4.0 |
| Kitchener | 2004 | 3912 | 2374 | 4.5 | 5931 | 205639 | 3.5 |
| | 2005(F) | 3780 | 2280 | 6.5 | 6000 | 219000 | 3.2 |
| | 2006(F) | 3525 | 2075 | 7.0 | 5900 | 230000 | 3.0 |
| St. Catharines-Niagara | 2004 | 1781 | 1292 | 6.9 | 6723 | 170425 | 2.6 |
| | 2005(F) | 1620 | 1200 | 7.5 | 6600 | 182000 | 2.2 |
| | 2006(F) | 1580 | 1100 | 7.0 | 6325 | 191500 | 2.0 |
| Hamilton | 2004 | 4093 | 1995 | 5.4 | 13176 | 215922 | 3.4 |
| | 2005(F) | 4100 | 2120 | 6.0 | 13350 | 232000 | 3.2 |
| | 2006(F) | 3970 | 2100 | 6.4 | 13490 | 245000 | 3.0 |
| Toronto | 2004 | 42115 | 19076 | 5.9 | 84854 | 315266 | 4.3 |
| | 2005(F) | 39000 | 15500 | 6.5 | 83000 | 341000 | 5.0 |
| | 2006(F) | 35300 | 13000 | 7.5 | 80000 | 356000 | 5.5 |

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate Structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Oshawa* | 2004 | 3153 | 2356 | n.a. | 9816 | 237084 | 3.4 |
| | 2005(F) | 2740 | 2000 | n.a. | 9400 | 255000 | 3.2 |
| | 2006(F) | 2400 | 1700 | n.a. | 8800 | 270000 | 3.0 |
| Kingston | 2004 | 872 | 701 | n.a. | 3764 | 175248 | 2.4 |
| | 2005(F) | 800 | 650 | n.a. | 3650 | 185000 | 2.6 |
| | 2006(F) | 725 | 625 | n.a. | 3600 | 190000 | 2.4 |
| Ottawa | 2004 | 7243 | 3245 | 6.6 | 13457 | 238152 | 3.9 |
| | 2005(F) | 6200 | 2800 | 5.5 | 12600 | 248600 | 3.5 |
| | 2006(F) | 5800 | 2500 | 5.0 | 12200 | 256100 | 3.0 |
| Gatineau | 2004 | 3227 | 1561 | 3.8 | 3930 | 155099 | 2.1 |
| | 2005(F) | 2700 | 1300 | 3.0 | 3700 | 165000 | 2.5 |
| | 2006(F) | 2400 | 1200 | 2.5 | 3500 | 172000 | 3.0 |
| Montréal | 2004 | 28673 | 10578 | 6.4 | 36022 | 211645 | 1.5 |
| | 2005(F) | 26000 | 10000 | 5.0 | 33500 | 227000 | 2.2 |
| | 2006(F) | 23000 | 9150 | 4.0 | 32000 | 237000 | 2.7 |
| Trois-Rivières | 2004 | 874 | 384 | n.a. | 816 | 102021 | 1.2 |
| | 2005(F) | 700 | 380 | n.a. | 825 | 109000 | 1.6 |
| | 2006(F) | 610 | 300 | n.a. | 775 | 114000 | 1.9 |
| Sherbrooke | 2004 | 1355 | 521 | n.a. | 1264 | 133700 | 0.9 |
| | 2005(F) | 1080 | 550 | n.a. | 1300 | 146700 | 1.4 |
| | 2006(F) | 930 | 510 | n.a. | 1350 | 152000 | 1.2 |
| Québec | 2004 | 6186 | 2704 | 5.7 | 6257 | 139786 | 1.1 |
| | 2005(F) | 5800 | 2650 | 4.0 | 6400 | 149000 | 1.5 |
| | 2006(F) | 4800 | 2400 | 3.0 | 6450 | 154000 | 1.8 |
| Saguenay | 2004 | 347 | 244 | n.a. | 1077 | 100000 | 5.2 |
| | 2005(F) | 360 | 250 | n.a. | 1150 | 104500 | 5.4 |
| | 2006(F) | 330 | 220 | n.a. | 1100 | 107500 | 5.5 |
| Saint John | 2004 | 516 | 387 | 1.7 | 1612 | 117000 | 5.8 |
| | 2005(F) | 545 | 400 | 1.5 | 1650 | 120000 | 5.5 |
| | 2006(F) | 600 | 390 | 1.5 | 1700 | 120000 | 5.0 |
| Halifax | 2004 | 2627 | 1510 | 2.1 | 5516 | 175132 | 2.9 |
| | 2005(F) | 2575 | 1325 | 1.8 | 5400 | 179000 | 2.7 |
| | 2006(F) | 2600 | 1250 | 2.2 | 5200 | 186000 | 2.3 |
| St. John's | 2004 | 1834 | 1275 | 5.0 | 3203 | 132993 | 3.1 |
| | 2005(F) | 1600 | 1100 | 4.0 | 3000 | 135000 | 3.5 |
| | 2006(F) | 1500 | 1050 | 3.0 | 2900 | 137000 | 4.0 |
| Charlottetown | 2004 | 490 | 331 | 3.5 | 521 | 139988 | 4.5 |
| | 2005(F) | 450 | 300 | 3.0 | 500 | 141000 | 4.0 |
| | 2006(F) | 400 | 275 | 3.0 | 500 | 142500 | 3.8 |
| ALL METRO AREAS | 2004 | 169019 | 80370 | 4.8 | 327103 | | 2.7 |
| | 2005(F) | 157749 | 72725 | 5.6 | 321755 | | 3.1 |
| | 2006(F) | 144685 | 66370 | 5.7 | 313178 | | 3.3 |

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.
*MLS® numbers reflect all of Durham Region
n.a.: data not available

## Major Housing Indicators
## Seasonally Adjusted Annual Rates
## (levels and quarterly percent change)

| | 03:Q2 | 03:Q3 | 03:Q4 | 04:Q1 | 04:Q2 | 04:Q3 | 04:Q4 | 05:Q1 |
|---|---|---|---|---|---|---|---|---|
| **New housing** | | | | | | | | |
| Building permits, units, thousands | 214.4 | 227.7 | 233.1 | 234.7 | 250.2 | 241.0 | 239.8 | 231.8 |
| % | -0.2 | 6.2 | 2.4 | 0.7 | 6.6 | -3.7 | 0.5 | -3.3 |
| Housing starts, total, thousands | 203.1 | 228.0 | 225.6 | 224.0 | 232.4 | 236.3 | 236.9 | 213.3 |
| % | -8.1 | 12.3 | -1.1 | -0.7 | 3.8 | 1.7 | 0.3 | -10.0 |
| Housing starts, singles, thousands | 119.5 | 123.9 | 127.5 | 128.4 | 125.8 | 133.3 | 129.3 | 117.9 |
| % | -2.1 | 3.7 | 2.9 | 0.7 | -2.0 | 6.0 | -3.0 | -8.8 |
| Housing starts, multiples, thousands | 83.6 | 104.1 | 98.1 | 95.6 | 106.6 | 103.0 | 107.6 | 95.4 |
| % | -15.6 | 24.5 | -5.8 | -2.5 | 11.5 | -3.4 | 4.5 | -11.3 |
| Housing completions, total, thousands | 47.8 | 55.7 | 55.0 | 45.3 | 48.6 | 61.6 | 60.0 | 47.1 |
| % | 17.3 | 16.4 | -1.2 | -17.6 | 7.4 | 26.7 | -2.6 | -21.6 |
| New house price index, 1997=100 | 115.9 | 117.3 | 119.0 | 120.4 | 122.6 | 124.2 | 125.4 | n.a. |
| % | 1.1 | 1.2 | 1.5 | 1.1 | 1.9 | 1.3 | 1.0 | n.a. |
| **Existing housing** | | | | | | | | |
| MLS® resales, units, thousands | 412.5 | 462.9 | 448.5 | 454.9 | 477.6 | 460.6 | 451.3 | 453.1 |
| % | -1.0 | 12.2 | -3.1 | 1.4 | 5.0 | -3.6 | -2.0 | 0.4 |
| MLS® average resale price, $C thousands | 201,963 | 210,202 | 215,701 | 219,782 | 226,272 | 225,789 | 233,148 | 238,462 |
| % | 1.2 | 4.1 | 2.6 | 1.9 | 3.0 | -0.2 | 3.3 | 2.3 |
| **Mortgage market** | | | | | | | | |
| 1-year mortgage rate, per cent* | 5.08 | 4.55 | 4.68 | 4.30 | 4.57 | 4.60 | 4.90 | 4.88 |
| 5-year mortgage rate, per cent* | 6.20 | 6.28 | 6.45 | 5.85 | 6.45 | 6.38 | 6.25 | 6.12 |
| **Residential investment**** | | | | | | | | |
| Total, $1997 billions | 60.7 | 63.5 | 64.8 | 66.1 | 67.3 | 68.1 | 69.2 | n.a. |
| % | -0.1 | 4.6 | 2.0 | 2.1 | 1.8 | 1.2 | 1.6 | n.a. |
| New, $1997 billions | 29.7 | 30.7 | 32.1 | 32.6 | 33.0 | 33.5 | 34.2 | n.a. |
| % | -2.1 | 3.4 | 4.7 | 1.6 | 1.1 | 1.8 | 1.9 | n.a. |
| Alterations, $1997 billions | 22.5 | 22.9 | 23.3 | 23.9 | 24.1 | 24.8 | 25.7 | n.a. |
| % | 3.3 | 1.4 | 1.8 | 2.9 | 0.5 | 3.1 | 3.6 | n.a. |
| Transfer costs, $1997 billions | 8.67 | 9.97 | 9.46 | 9.64 | 10.24 | 9.87 | 9.58 | n.a. |
| % | -0.4 | 15.0 | -5.1 | 1.8 | 6.2 | -3.6 | -3.0 | n.a. |
| Deflator, 1997=100 | 117.4 | 119.1 | 121.0 | 122.2 | 125.1 | 126.3 | 126.8 | n.a. |
| % | 1.0 | 1.5 | 1.6 | 1.0 | 2.3 | 1.0 | 0.3 | n.a. |

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

# 3RD QUARTER

# 3E TRIMESTRE

Micromedia ProQuest

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel: (416) 362-5211
Toll free: 1-800-387-2689
Fax: (416) 362-6161

# HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

## Housing starts will begin to taper off

### Third Quarter 2005

**Overview**

***Housing starts:***
***2005: 218,900***
***2006: 200,200***

***Resales:***
***2005: 455,900***
***2006: 433,700***

**Housing starts:** Starts will remain very strong at 218,900 units in 2005, their second highest level since 1988. Starts will continue to edge lower in 2006, to 200,200 units. Rising mortgage carrying costs and reduced spillover demand from the existing home market are some of the factors that will dampen starts.

**Resales:** Sales of existing homes will remain near record levels in 2005, edging down to 455,900 units. In 2006 sales will fall to 433,700 units due to both rising house prices and the slight increase in mortgage rates.

**Resale prices:** House price growth will remain strong at 9 per cent in 2005. In 2006, however, as markets become more balanced growth in prices will slow to 4.9 per cent. (Details on Page 3)

**The Nation's HOT SPOT**

**British Columbia:** British Columbia's economy is forecast to grow at a strong pace in 2005 and 2006, which will fuel job creation and migration toward the province. As a result, housing starts will continue to increase in 2005 to 33,600 units. (Details on Page 9)

**Alberta:** While housing starts will edge lower in Alberta, at 36,000 units, 2005 will be the fourth best year since 1982. Strong economic growth will nevertheless fuel housing demand and will push MLS® sales to 59,000 units in 2005, the highest level ever. (Details on Page 10)


3 NATIONAL OUTLOOK

4 TRENDS IMPACTING HOUSING

6 SPECIAL REPORT: Renovation Forecast

9 PROVINCIAL REPORTS

9 British Columbia
10 Alberta
11 Saskatchewan
12 Manitoba
13 Ontario
14 Quebec
15 New Brunswick
16 Nova Scotia
17 Prince Edward Island
18 Newfoundland and Labrador

19 FORECAST TABLES


**CMHC Housing Market Outlook Canada** is your national sales, marketing, and business planning tool.

**Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 or email us at Market_Analysis_Centre@cmhc-schl.gc.ca**

Canada

CMHC SCHL
HOME TO CANADIANS

# CMHC — HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

**Information and Subscriptions**

Subscribe to *CMHC Housing Market Outlook, Canada Edition* in electronic (PDF) format. Each edition is e-mailed directly to you the day of release. No more waiting two to three weeks to get the printed edition!

You can subscribe on-line through the CMHC website at:
www.cmhc-schl.gc.ca/cgi-bin/webc.exe/mktinfo/store/National Market analysis.html#ho

You can also subscribe or enquire about the status of your current electronic subscription by contacting us by e-mail at Market_Analysis_Centre@cmhc-schl.gc.ca, call 1-613-748-2006 or fax 1-613-748-2156.

Annual Subscription ( 4 issues ): $120 + GST
Single issue: $40 + GST

To subscribe to the printed format, call 1-800-668-2642. Outside Canada call 1-613-748-2003 or fax 1-613-748-2016.

The forecast for this issue was completed in July 2005.

The *CMHC Housing Market Outlook, Canada Edition* is your national sales, marketing and planning tool.

The next edition is the Fourth Quarter 2005 and is planned to be released in October.

To learn about other valuable CMHC information products, visit the CMHC home page at www.cmhc.ca.

**MLS®**
The term MLS® stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

**© Canada Mortgage and Housing Corporation, 2005.**
All rights reserved. Canada Mortgage and Housing Corporation hereby grants permission to the subscriber to produce one electronic copy and to print one hard copy for the subscriber's personal use only. No part of this publication may be reproduced, modified, or redistributed in any form or by any means, for any purposes (including but not limited to sales) other than those noted above, without the prior written permission of Canada Mortgage and Housing Corporation.

ISSN 1488-6537 Product # 61500-2005-Q03

# National Housing Outlook

## In Detail

Housing starts in 2005 will not match last year's pace of over 233,000 units. Starts will slow to 218,900 units in 2005 and to 200,200 units in 2006. In spite of the decrease, new home construction will remain strong by historical standards. The forecast of 218,900 starts for 2005 represents a slight upward revision from previous forecast of 216,400 starts. The revision is due in part to the unanticipated decrease in longer term mortgage rates between March and June of this year.

While economic conditions will continue to favour high levels of new home construction, there are a number of factors that will cause the pace of activity to moderate this year and next. Continued, although slower, growth in house prices coupled with modest increases in mortgage rates in the second half of this year and in 2006 will lead to an increase in mortgage carrying costs. This will cause a gradual erosion of housing demand, particularly among first-time buyers, many of whom do not have equity to draw on for a downpayment. Therefore, first-time buyers might find the rise in mortgage carrying costs harder to bear. Moreover, slower growth in rents in recent years has caused the gap between the cost of renting and owning a home to widen, which could also reduce homeownership demand among potential first-time buyers.

Other factors also point towards a decrease in the pace of new home construction. The existing home market is expected to move toward more balanced conditions over the next couple of years. As this happens, there will be less spillover of buyers from the existing home market into the new home market. The pent-up demand that built up during most of the 1990s is gradually eroding. As a result, housing starts will gradually move in line with demographic fundamentals. Rising construction costs will contribute to an increased price differential between new and existing homes, which will cause demand for new homes to slow.

### Starts of single homes peaked in 2004

Single detached starts have increased by 40 per cent since 2000, to reach more than 129,000 units in 2004, their highest level since 1987. Single starts will fall by 9.0 per cent to 117,600 units in 2005 and decline by an additional 9.7 per cent to 106,200 units in 2006.

Starts of single-detached homes will decrease in most provinces in 2005. In percentage terms, the largest decreases will be in Ontario (18.2 per cent), Newfoundland (15.7 per cent), and Quebec (8.2 per cent). The Prairies is the only region where single starts will increase in 2005. In Manitoba, single starts will increase by 3.3 per cent. In Alberta and Saskatchewan, single starts will grow by 2.3 per cent and 0.3 per cent, respectively.

### Starts of multi-family homes will edge lower in 2005

Multiple-family housing starts, which include semi-detached and row homes, as well as apartment units, increased by about 75 per cent from 2000 to 2004. Starts of multiple units are expected to slow this year and next although to a lesser extent than for single detached homes. The slower decline in multiple starts reflects a shift in demand toward less expensive homes.

Multiple dwelling starts will moderate to 101,300 units in 2005 (down 2.8 per cent) and to 94,000 units in 2006 (down 7.2 per cent). Starts of semi-detached homes, apartments, and row houses will decrease by 7.3 per cent, 2.3 per cent, and 1.5 per cent, respectively in 2005.

Multiple-family starts will only decrease in four out of ten provinces in 2005. These include Newfoundland, PEI, Quebec and Alberta. Lower multiple starts in these four provinces will more than offset gains in the rest of the country.

### MLS® sales will remain strong

Existing home sales, as measured by the Multiple Listing Service (MLS®), have set new records in each of the last three years. While MLS® sales will fall short of last year's 460,700 unit pace, at 455,900 units in 2005, existing home sales will remain very close to record levels and will post their second highest year on record. A rise in new listings will help keep MLS® sales strong in 2006 at 433,700 units. However, the steady price increases of the past three years and the expected rise in mortgage rates will push mortgage carrying costs higher and cause housing demand to ease gradually.

The largest decrease in MLS® sales will be in Quebec (-6.6 per cent), followed by Newfoundland, Prince-Edward Island, Ontario, and Nova Scotia. MLS® sales will increase in New Brunswick, the Prairie provinces, and British Columbia.

### House price gains will remain strong in 2005

The rate of increase in existing home prices will moderate only slightly to 9.0 per cent in 2005 as strong sales continue to foster sellers' market conditions. In 2006, however, existing home markets will become more balanced and price pressures will ease. The average MLS® price will increase by 4.9 per cent in 2006.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends Impacting Housing

### The Economy

Growth in real gross domestic product (GDP) in the first quarter of 2005 was sluggish at 2.3 per cent, but was in line with our expectations. A key source of weakness in the first quarter was the trade sector: exports grew at a robust pace of 5.9 per cent in the quarter, however, import growth was an even stronger 10.6 per cent. Therefore, on net, trade continued to dampen GDP growth, as it has since the third quarter of 2004. A run-down in business inventories also held back growth in the first three months of 2005. On the other hand, final domestic demand, an indicator of the performance of the domestic portion of the economy, expanded at a robust rate of 5.8 per cent in the first quarter of 2005. As expected, the interest rate sensitive components such as investment in machinery and equipment and consumer spending, particularly for durable goods, led the way.

Economic growth is expected to remain modest in the second quarter of 2005 as the significant build-up of business inventories late in 2004 continues to be drawn down. However, GDP growth will accelerate in the second half of 2005 to average 2.8 per cent for the year. GDP growth will strengthen to 3.2 per cent in 2006.

### Mortgage Rates

Inflation in Canada is well behaved. Given the continuation of below-trend growth in the first half of 2005, inflationary pressures are unlikely to build significantly in the near term. However, a number of indicators suggest that the Canadian economy is operating close to its capacity; the near record employment to population ratio implies that the economy is at full-employment, capacity utilization rates are very high, and the output gap is small. Therefore, the Bank of Canada is expected to move toward more neutral monetary conditions by gradually raising interest rates in 2005 and 2006. As a result, the prime lending rate will rise slowly this year and next.

The five-year fixed mortgage is the most popular term and the rates on these mortgages vary in response to the cost of raising funds in the bond markets. Between March and June of this year, bond yields have moved lower, resulting in a decrease of 55 basis points in the posted 5 year mortgage rate.

Posted mortgage rates are forecast to rise moderately in the second half of 2005 and continue to rise in 2006. However, tame inflation, a strong Canadian dollar vis-à-vis its U.S. counterpart, and slower economic growth in Canada will restrain the size and speed of Canadian interest and mortgage rate increases.

Mortgage rates are expected to remain low, rising by about 25 basis points this year and about 50 basis points in 2006. One, three and five-year posted mortgage rates are forecast to be in the 4.50-5.75, 5.25-6.25, and 5.50-6.50 per cent ranges respectively in 2005-06.

### Migration

The target range for immigration is for between 220,000 and 245,000 new permanent residents per year. In 2004, more than 235,000 immigrants came to Canada, up from about 221,000 the previous year.

Looking ahead, immigration will continue to strengthen. Recently arrived immigrants tend to initially settle in rental housing. However, as time passes, a rising share of immigrants purchase their homes.

### Employment and Income

Employment grew at a strong pace of 1.8 per cent in 2004 and most of the new jobs created were full-time positions. Since the start of 2002, about 1.1 million jobs have been created, which has caused the unemployment rate to drift down (the unemployment rate was 6.7 per cent in June 2005, its lowest level on record).

Given that the Canadian economy is close to full employment, we expect the pace of employment growth to slow to a more sustainable pace that is in line with the increase in the population. Thus, employment is forecast to grow by 1.5 per cent in 2005 and by 1.4 per cent in 2006.

Growth in personal disposable income remained strong at 3.9 per cent in 2004, more than twice the rate of inflation, as measured by the consumer price index, which was 1.8 per cent. Rising employment and income will support continued healthy demand for housing.

### Consumer Confidence

Strong employment and income gains combined with low interest rates have contributed to positive consumer sentiment. The Conference Board of Canada's index of consumer attitudes remains relatively high and indicates that Canadians are upbeat about their current and future financial situation. Confident consumers will keep demand for housing strong this year and next.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends at a Glance

## Key factors and their Effects on Residential Construction

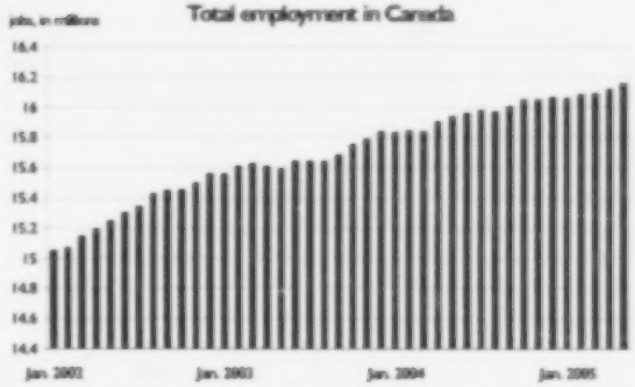
| Factor | Comment |
|---|---|
| Mortgage Rates | Mortgage rates will rise modestly over the next two years although they will remain low in historical terms. This will progressively ease housing demand. |
| Employment | Employment will continue to stimulate housing demand. However, as we approach full employment, job growth will slow to rates that are more in line with population growth. This will in turn temper housing demand. |
| Income | Slower employment growth could dampen disposable income gains slightly. However, household income growth will help to partially offset the negative impact of increased mortgage carrying costs on housing demand. |
| Net Migration | Immigrants tend to settle initially in rental housing in large urban centres. Therefore, at first, recovering immigration levels, will boost demand for rental housing. However, over time, as an increasing share of immigrants buy homes, there will be upward pressure on homeownership demand and housing starts. |
| Natural Population Increase | Canada's population is aging and there are fewer people in their child bearing years. Thus, the contribution of births to population growth is declining. However, the impact of today's lower births on household formation and housing demand wont be felt until these young Canadians grow up and move out on their own in 20 to 30 years. |
| Consumer Confidence | The index of consumer attitudes, as measured by the Conference Board of Canada, indicates that consumers remain very confident. Favourable economic conditions this year and next will keep consumers in a spending mood which will support the housing market. |
| Resale Market | A high level of new listings coupled with lower MLS sales, particularly in 2006, will help the resale market move toward more balanced conditions. Hence, price increases will be more modest in 2006. A more balance resale market will also result in less spillover of buyers into the new home market and put downward pressure on starts. |
| Vacancy Rates | The vacancy rates across Canada's metropolitan centres climbed for a third consecutive year in 2004. With rental demand waning, future rental housing starts will be limited. |

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# RENOVATION FORECAST

### Short term outlook

Renovation spending has climbed steadily since 1999[1] due to the solid performance of the Canadian economy, in particular, the strong performance of the housing and labour markets. Robust job growth has generated steady income gains, which has helped finance renovation projects and has given consumers the confidence to go ahead with the major expenditures that the renovations entail. Low mortgage rates and record sales of existing homes over the past several years have also contributed to the pick-up in renovation activity.




Sources: CMHC, adapted from Statistics Canada (LFS)

Looking ahead, renovation spending will remain strong, increasing by 10.1 per cent in 2005 to reach $40.7 billion in 2005. As activity in the resale market begins to cool, so will growth in renovation expenditures. As a result, renovation spending will grow by 7.1 per cent to reach $43.6 billion in 2006.

### Record levels on the resale market in 2004, again!

Sales of existing homes are the principle driving force behind renovation spending. MLS® sales reached a record 460,703 units in 2004, surpassing the previous record set in 2003 by over 26,000 sales. Generally, households tend to renovate within the first three years following the purchase of an existing home.

This year the level of sales of existing homes is expected to edge lower to 455,900 units, down one per cent from

Sources: CMHC Forecast 2005-2006, Statistics Canada

2004's record pace, making 2005 the second best year on record. In 2006, existing home sales will drop by 4.9 per cent, nevertheless will remain high at close to 434,000 units. The record setting pace of resale activity in recent years and the continued high volume of activity over the forecast period will provide a solid foundation for renovation spending, as the new owners invest in home improvements.

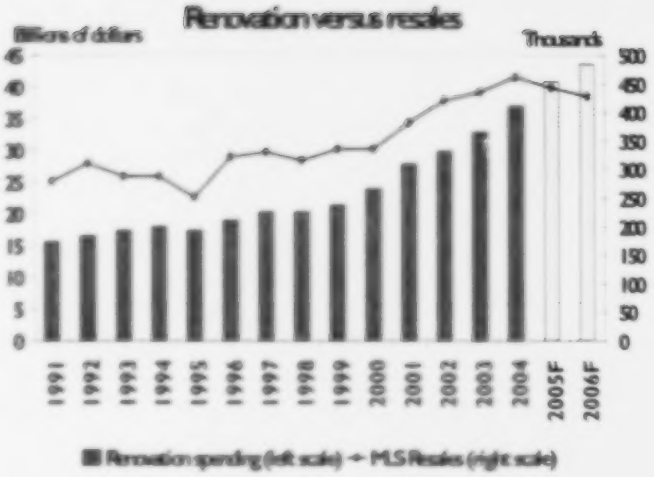
### Low interest rates keep costs of financing larger renovations down

Tapping into home equity through mortgage refinancing, or secured lines of credit can be an important way of financing larger renovation projects. During the last year, the posted five year mortgage rate has been at its lowest level since the 1950s. At the same time, rising house prices have increased the amount of equity available to homeowners to borrow against. With interest rates expected to remain low over the next couple of years, refinancing will remain attractive, which in turn will provide a boost to renovation activity.

[1] According to Statistics Canada, revisions have been made to renovation spending due to the fact that the level of renovation activity was under-estimated over the 1999 to 2002 period. For example, renovation spending was revised-up from $24.8 billion to $29.8 billion in current dollars in 2002.

**Contact: Julie Taylor (613) 748-2239, jtaylor@cmhc-schl.gc.ca**

**continued on page 7....**




Sources: CMHC Forecast 2005-2006, Canadian Real Estate Association, Statistics Canada

**Atlantic: renovation spending will remain healthy**

A modest cooling of the resale and new home markets in the Atlantic region will cause growth in total renovation spending to slow in 2005. Nevertheless, renovation will continue to play a relatively significant role in boosting residential construction activity in Atlantic Canada, because of the fact that the housing stock in the Atlantic region is older on average than in the rest of Canada. New Brunswick will lead the region in renovation spending growth this year and in 2006 with a 13.8 per cent and 7.1 per cent growth, respectively.

**Quebec: homeowners continue to hammer away at home improvements**

The growth in renovation spending is expected to cool compared to last year's 14.1 per cent pace, to rates that are more in line with the Canadian average, due in part to weaker job creation in 2005 and 2006 and a gradual slowing of both housing starts and resale activity. Indeed, renovation spending is expected to grow by 11.3 per cent in 2005. As existing home sales continue to slow in 2006, growth in renovation spending will moderate further to 9.1 per cent.

**Ontario: a resilient performance**

Although the Ontario resale market will slow in 2005, the renovation sector will still benefit from the strong resale performance of previous years. Low mortgage rates will also be an important driver of renovation activity in Ontario and particularly in Toronto, where according to the CMHC *Intentions to Buy or Renovate Survey*, the planned expenditures on renovations will be the highest. According to the survey, the average household who intends to undertake renovations in 2005 plans to spend $21,796 in Toronto compared to an average of $14,000 across the six centres surveyed[2]. Renovation activity will remain strong in Ontario, growing by 8.1 per cent in 2005 and by 4.5 per cent in 2006.

**Prairies: Alberta will lead the Prairies in 2005**

Renovation spending in Alberta is expected to grow by 9.8 per cent in 2005, but growth will slow to a more modest pace of 6.9 per cent in 2006. A strong performance in the resale market over the past several years will contribute to continued strength in renovation spending. Manitoba is facing a similar outlook for renovation spending: growth of 9.3 per cent in 2005, slowing to 7.2 per cent in 2006. Manitoba will have the strongest growth in renovation spending among the prairie provinces next year. Saskatchewan will be the weakest of the three Prairie provinces in 2005 and 2006 with renovation spending growth of 8.4 per cent and 4.0 per cent, respectively.

**British Columbia: B.C. will lead the country in growth of renovation activity in 2005 and 2006**

The level of resale activity will continue to climb in 2005 to establish a new record of 98,000 units. As well, British Columbia has the highest average home prices in Canada, thus making renovation an attractive option, in many cases less expensive than moving to a new home. Renovation spending is expected to grow by 15.0 per cent in 2005 and the pace of growth is expected to slow in 2006 to 11.9 per cent as resale activity begins to cool.

[2]The CMHC Intentions to Buy and Renovate Survey was conducted in the fall of 2004 and measured intentions to buy and renovate a home between the fourth quarter of 2004 and the fourth quarter of 2005. The survey was conducted in six centres across Canada including Halifax, Montreal, Ottawa, Toronto, Calgary, and Vancouver.

**Contact: Julie Taylor (613) 748-2239, jtaylor@cmhc-schl.gc.ca**

**Renovation and construction expenditure**

| | | Renovation | | | Construction | | |
|---|---|---|---|---|---|---|---|
| | | 2004 | 2005F | 2006F | 2004 | 2005F | 2006F |
| Newfoundland | ($ millions) | 641 | 691 | 735 | 394 | 353 | 335 |
| | (% change) | 14.5 | 7.8 | 6.4 | 21.5 | -10.4 | -5.3 |
| P.E.I. | ($ millions) | 132 | 144 | 150 | 127 | 121 | 112 |
| | (% change) | 9.3 | 9.0 | 4.2 | 32.1 | -4.0 | -7.6 |
| Nova Scotia | ($ millions) | 1,125 | 1,206 | 1,259 | 735 | 757 | 719 |
| | (% change) | 14.3 | 7.2 | 4.4 | 10.4 | 3.0 | -5.1 |
| New Brunswick | ($ millions) | 912 | 1,038 | 1,112 | 495 | 515 | 498 |
| | (% change) | 16.9 | 13.8 | 7.1 | 0.6 | 4.1 | -3.3 |
| Quebec | ($ millions) | 9,555 | 10,634 | 11,598 | 8,151 | 7,336 | 6,859 |
| | (% change) | 14.1 | 11.3 | 9.1 | 28.3 | -10.0 | -6.5 |
| Ontario | ($ millions) | 14,420 | 15,585 | 16,286 | 14,037 | 13,195 | 12,548 |
| | (% change) | 10.3 | 8.1 | 4.5 | 6.9 | -6.0 | -4.9 |
| Manitoba | ($ millions) | 1,115 | 1,218 | 1,306 | 604 | 671 | 740 |
| | (% change) | 14.5 | 9.3 | 7.2 | 22.5 | 11.0 | 10.4 |
| Saskatchewan | ($ millions) | 985 | 1,067 | 1,110 | 422 | 455 | 448 |
| | (% change) | 14.3 | 8.4 | 4.0 | 11.6 | 7.8 | -1.5 |
| Alberta | ($ millions) | 3,349 | 3,679 | 3,932 | 4,820 | 4,733 | 4,714 |
| | (% change) | 10.6 | 9.8 | 6.9 | 2.6 | -1.8 | -0.4 |
| British Columbia | ($ millions) | 4,718 | 5,426 | 6,071 | 5,386 | 5,844 | 5,815 |
| | (% change) | 15.9 | 15.0 | 11.9 | 32.3 | 8.5 | -0.5 |
| Canada | ($ millions) | 36,951 | 40,687 | 43,558 | 35,318 | 33,980 | 32,788 |
| | (% change) | 12.5 | 10.1 | 7.1 | 15.0 | -3.8 | -3.5 |

Sources: CMHC forecast 2005 and 2006, Statistics Canada

**Renovation Expenditure Breakdown**
**(millions of dollars and annual percentage change)**

| | 2004 | 2005F | 2006F |
|---|---|---|---|
| Alterations & Improvements | 27,400 | 30,350 | 32,583 |
| % | 13.6 | 10.8 | 7.4 |
| Repairs | 9,551 | 10,337 | 10,975 |
| % | 9.6 | 8.2 | 6.2 |

Source: Statistics Canada, CMHC forecast 2005 and 2006.

## CMHC Renovation Forecast Components

The figures presented in the CMHC forecast include renovation expenditures made by landlords and homeowners.

**Alterations and improvements:** Major projects leading to an increase in the value of the home, including expansions or modifications and the addition of new equipment.

**Repairs:** Regular maintenance tasks such as painting, caulking, or replacement of existing equipment.

**Contact: Julie Taylor (613) 748-2239, jtaylor@cmhc-schl.gc.ca**

# British Columbia

## Overview

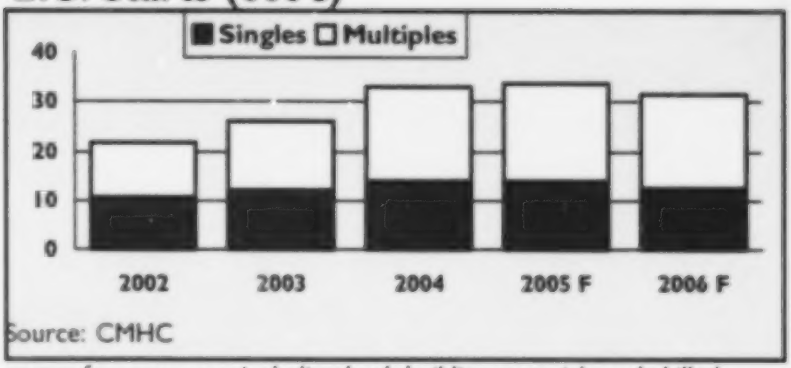
**Another banner year for housing**

Low mortgage rates, job gains, high levels of consumer confidence and a growing economy will contribute to record levels of resale activity and an above average level of new home construction this year. Some moderation in activity is anticipated in 2006 as relatively high home prices and gradually rising interest rates temper the market.

B.C.'s economy expanded by 3.9 per cent in 2004. Increased consumer spending, and higher levels of residential investment were the main sources of growth. Strong global demand for the province's key exports is also driving economic activity. In 2005 and 2006, low interest rates will maintain domestic demand while slower global growth will reduce the trade sector's contribution. The high value of the Canadian dollar will encourage investment in machinery and equipment, setting the province up for future productivity gains. The provincial economy will expand by 3.5 per cent in 2005 and by 3.3 per cent in 2006.

Increased non-residential construction activity will compete with the residential sector for resources including land, building materials and skilled trades, driving up construction costs.

**B.C. Starts (000's)**




Source: CMHC

Employment in British Columbia is projected to increase 3.0 per cent in 2005 and 2.3 per cent in 2006 causing the unemployment rate to decline. The economy will add jobs in both the goods and service sectors. Improving labour markets will bolster already high levels of consumer confidence and support demand for housing.

Net interprovincial migration will add close to 10,000 people to British Columbia's population in 2005 and 2006, boosting the rate of population growth to 1.2 per cent, compared to the national growth rate of 0.9 per cent. While this is modest compared to the levels recorded during the early to mid-1990s, it will help to sustain British Columbia's housing markets.

Resale inventories are trending up and will move markets towards balanced conditions. However, strong demand for most product types in the near term will keep the level of new home construction above demographic requirements. Housing starts will increase to 33,600 units in 2005 but will edge lower to 31,600 units in 2006.

## In Detail

Single Starts: Construction of single-detached homes has reached a plateau as builders and consumers shift to lower priced product types. Single starts will decrease by 1.8 per cent to 13,800 units in 2005. Next year, 12,600 single-detached homes will be added to the provincial housing stock.

Multiple Starts: Momentum in the multiple-unit segment of the market will carry on through the next two years as developers respond to higher consumer demand. Tight land supply, particularly in Vancouver, will encourage multiple-unit developments. Apartment and condominium construction will account for the largest share of multiple starts. Multiple starts will rise to 19,800 units in 2005 but will edge lower to 19,000 units in 2006.

Resales: MLS® resale activity will reach a record 98,000 units in 2005 but will fall to 92,000 units in 2006. New listings are trending up in most markets bringing demand and supply conditions more into balance. However, there are some markets where demand remains strong and listings are below their ten year average. These markets will see higher price gains going forward.

Prices: The average resale price in British Columbia will remain the highest of the provinces, reaching $319,000 in 2005 and $337,000 in 2006. Price gains will remain above inflation thanks to solid fundamentals supporting demand for housing.

## Provincial Highlight

**B.C. leads the country in per capita existing home sales**

British Columbia leads the country in existing home sales per person, and has held this distinction for most of the last twenty years. The very active resale market indicates that most of the demand for housing is being met by the existing housing stock. In terms of new home markets, British Columbia led the country during the 1990s in housing starts per person but fell behind when interprovincial migration turned negative in the late 1990s. The return to a net inflow of people from other provinces in 2003 and 2004 has fuelled demand for new construction and helped push British Columbia to second place on a starts per population basis, up from fourth place the previous year.

**Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca**

# British Columbia

## Overview

**Another banner year for housing**

Low mortgage rates, job gains, high levels of consumer confidence and a growing economy will contribute to record levels of resale activity and an above average level of new home construction this year. Some moderation in activity is anticipated in 2006 as relatively high home prices and gradually rising interest rates temper the market.

B.C.'s economy expanded by 3.9 per cent in 2004. Increased consumer spending, and higher levels of residential investment were the main sources of growth. Strong global demand for the province's key exports is also driving economic activity. In 2005 and 2006, low interest rates will maintain domestic demand while slower global growth will reduce the trade sector's contribution. The high value of the Canadian dollar will encourage investment in machinery and equipment, setting the province up for future productivity gains. The provincial economy will expand by 3.5 per cent in 2005 and by 3.3 per cent in 2006.

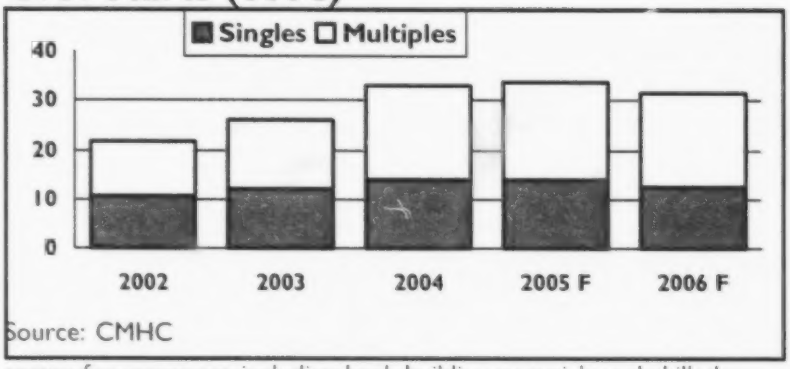
Increased non-residential construction activity will compete with the residential sector for resources including land, building materials and skilled trades, driving up construction costs.

Employment in British Columbia is projected to increase 3.0 per cent in 2005 and 2.3 per cent in 2006 causing the unemployment rate to decline. The economy will add jobs in both the goods and service sectors. Improving labour markets will bolster already high levels of consumer confidence and support demand for housing.

Net interprovincial migration will add close to 10,000 people to British Columbia's population in 2005 and 2006, boosting the rate of population growth to 1.2 per cent, compared to the national growth rate of 0.9 per cent. While this is modest compared to the levels recorded during the early to mid-1990s, it will help to sustain British Columbia's housing markets.

Resale inventories are trending up and will move markets towards balanced conditions. However, strong demand for most product types in the near term will keep the level of new home construction above demographic requirements. Housing starts will increase to 33,600 units in 2005 but will edge lower to 31,600 units in 2006.

**B.C. Starts (000's)**




Source: CMHC

## In Detail

**Single Family** Construction of single-detached homes has reached a plateau as builders and consumers shift to lower priced product types. Single starts will decrease by 1.8 per cent to 13,800 units in 2005. Next year, 12,600 single-detached homes will be added to the provincial housing stock.

**Multiple Starts** Momentum in the multiple-unit segment of the market will carry on through the next two years as developers respond to higher consumer demand. Tight land supply, particularly in Vancouver, will encourage multiple-unit developments. Apartment and condominium construction will account for the largest share of multiple starts. Multiple starts will rise to 19,800 units in 2005 but will edge lower to 19,000 units in 2006.

**Resales** MLS® resale activity will reach a record 98,000 units in 2005 but will fall to 92,000 units in 2006. New listings are trending up in most markets bringing demand and supply conditions more into balance. However, there are some markets where demand remains strong and listings are below their ten year average. These markets will see higher price gains going forward.

**Prices** The average resale price in British Columbia will remain the highest of the provinces, reaching $319,000 in 2005 and $337,000 in 2006. Price gains will remain above inflation thanks to solid fundamentals supporting demand for housing.

## Provincial Highlight

**B.C. leads the country in per capita existing home sales**

British Columbia leads the country in existing home sales per person, and has held this distinction for most of the last twenty years. The very active resale market indicates that most of the demand for housing is being met by the existing housing stock. In terms of new home markets, British Columbia led the country during the 1990s in housing starts per person but fell behind when interprovincial migration turned negative in the late 1990s. The return to a net inflow of people from other provinces in 2003 and 2004 has fuelled demand for new construction and helped push British Columbia to second place on a starts per population basis, up from fourth place the previous year.

**Contact: Carol Frketich (604) 737-4067,** cfrketic@cmhc-schl.gc.ca

# Alberta

## Overview

**Best performance for new home construction since the late 1970s**

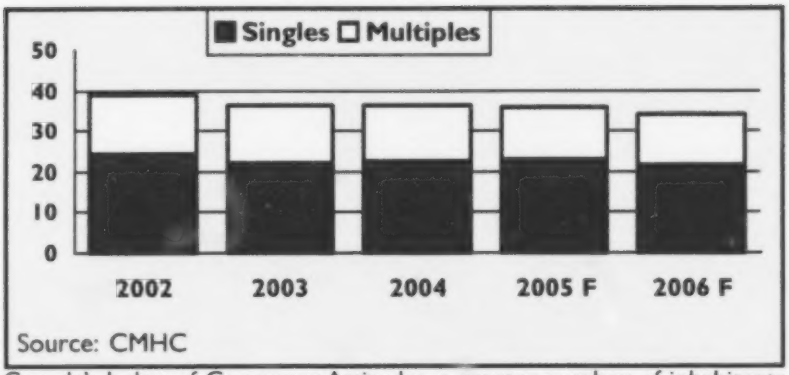
Total housing starts in Alberta this year will reach 36,000 units, making 2005 the fourth successive year in which starts exceed the 30,000 unit mark. The last time this occurred was back in the late 1970s and early 1980s. The strong performance will continue into 2006, when starts will edge down to 34,000 units, allowing Alberta to retain its position as the province with the most housing starts relative to the size of its population.

The robust performance in part is a result of favourable demographic conditions. Due to gains from migration, Alberta's population is growing at annual rate of 1.4 per cent compared to about 0.9 per cent for Canada. This population growth is resulting in the immediate creation of new households thereby fortifying the demand for housing.

Along with demographic factors, the resale and new home markets are benefiting from high levels of consumer confidence. According to the Conference Board of Canada's Index of Consumer Attitudes, a greater number of inhabitants across the Prairies believe that conditions are better now than a year ago to purchase a home or a car. In Alberta, vigorous consumer confidence is reflected in a number of economic indicators. During the first four months of 2005, sales of existing homes and new passenger motor vehicles were up 7.1 per cent and 15.9 per cent, respectively from last year. Total retail sales over the same period increased by 10.1 per cent.

Ongoing investment in the energy sector means that the beneficial economic climate will persist through 2006. Nevertheless, total housing starts are forecast to dip by 5.6 per cent from this year's level. With housing starts exceeding the growth in households since 2002, it would appear that pent up demand in the market has been satisfied. A reduction from current level of activity is needed to restore the balance between demand and supply.

## Alberta Starts (000's)




Source: CMHC

## In Detail

Single Starts: Single-detached starts will decline from 23,000 units in 2005 to 21,500 units in 2006. The reduction will be primarily due to the movement of some first time buyers to the multi-family market. Discussions with industry players indicate that the rising cost of new single-detached homes is causing a portion of prospective home buyers to consider the purchase of a less expensive semi-detached or row unit.

Multiple Starts: Through the first half of 2005, multi-family starts are over 25 per cent ahead of last year's pace. In order to avoid an elevated supply, activity will need to pull back during the second half of the year. Presently, the supply of ownership and rental multi-family homes in urban centres stands at about 12 and 20 months, respectively. Current market conditions support the construction of about 13,000 multi-family units in 2005 and 12,500 units in 2006.

Resales: MLS® sales are on track to post a new record in 2005 and are forecast to reach 59,000 units. Healthy demand and a continued supply of listings in most of the major markets will result in a similar level of activity in 2006, when MLS® sales will decrease to 56,000 units.

Prices: Price gains in all major markets are exceeding the overall rate of inflation. The average MLS® price is forecast to increase by nearly 10.4 per cent in 2005 and 6.0 per cent in 2006.

## Provincial Highlight

**Population growth boosts MLS® sales in Lethbridge**

Preliminary results from the Civic Census show that the population of Lethbridge has increased at an average annual compound rate of about 2.2 per cent over the past three years. This is much stronger than the provincial average of 1.4 per cent. Over the same period, the level of total housing starts per capita and MLS® sales per capita in Lethbridge has remained constant. This would indicate that the higher level of housing starts and MLS® sales in recent years in Lethbridge can be attributed primarily to the gain in population.

**Contact: Vinay Bhardwaj (403) 515-3004, vbhardwa@cmhc-schl.gc.ca**

# Saskatchewan

## Overview

**Starts to stay above 3,000 units**

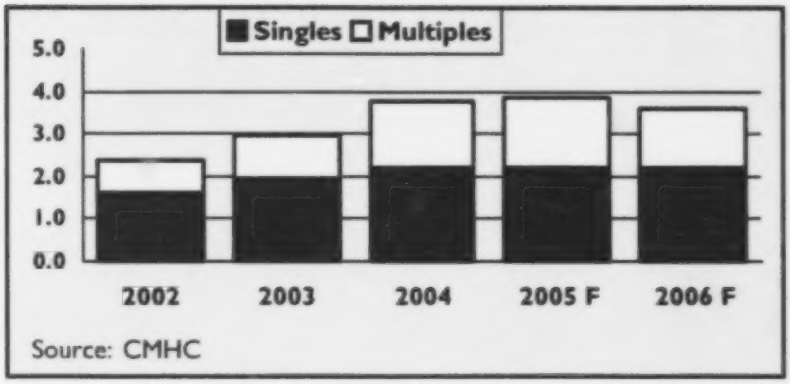
Economic and demographic fundamentals in Saskatchewan are encouraging for housing markets this year and next. Total housing starts are forecast to reach 3,850 units in 2005 before dipping slightly to 3,600 units in 2006. Despite the decline, 2006 will represent the fourth consecutive year that total starts will exceed 3,000 units, the strongest performance since the late 1980s.

After a rough ride during the early part of this decade the Saskatchewan economy now is on firmer footing. Increased output in the agriculture and natural resource sectors will lead to annual economic growth of nearly three per cent in 2005 and 2006.

Continued economic growth will give less reason to people from Saskatchewan to leave the province to seek job opportunities. This will have a beneficial impact on the availability of skilled labour as well as household growth. From 1999 to 2002, population of individuals above 15 years of age declined by about 8,000 due to losses from inter-provincial migration. Over the forecast period, losses from inter-provincial migration will decrease significantly. The combination of lower losses from inter-provincial migration and gains from international immigration and natural population growth means that the provincial population will once again resume an upward path.

More buoyant household growth will bolster demand for owner and rental housing. Another positive for the resale and new home sectors is the improving state of consumer finances. In 2004, per capita disposal income adjusted for inflation increased by 4.2 per cent, the best gain since 1995. The mixture of economic growth and a low unemployment rate will lead to wage gains in excess of inflation in 2005 and 2006.

## Saskatchewan Starts (000's)




Source: CMHC

## In Detail

Single starts: Builders in Regina and Saskatoon are exceeding the pace of single-family production set in 2004. The number of units under construction is up more than 20 per cent in both centres. Starts will slow to forecast levels as the supply of immediately available land is absorbed and the limit of the labour supply is reached. Province-wide, single starts will reach 2,200 units in both 2005 and 2006.

Multiple Starts: Multiple building is seeing a slow start compared to 2004. Multiple starts, in the previous eight to twelve months, have elevated the number of units under construction in excess of 400 units in both Regina and Saskatoon and absorptions are steady. We expect multiple starts will resume as inventory is absorbed in the summer months when sales have, historically, picked up. Multiple starts will reach 1,650 units in 2005 and 1,400 units in 2006.

Resales: Although the forecast upswing in listings has yet to develop, existing housing sales are on track to match 2004 activity. We consider the 2005 forecast of 8,500 sales to be still within reach if listings co-operate in the late summer. MLS® sales will rise to 8,800 units in 2006.

Prices: Good quality listings are commanding higher prices across Saskatchewan. Regina is experiencing double-digit gains in its average MLS® price. In light of strong upward pressure, we have revised our price forecast upward. The average MLS® will increase by 8.3 per cent in 2005 and by 5.0 per cent in 2006.

## Provincial Highlight

**Construction activity in Regina and Saskatoon highest in two decades**

There is a high level of units under construction in both Regina and Saskatoon thanks, largely, to the popularity of condominium housing in all its various forms. In 2004, Regina saw an average 861 housing units under construction, the highest level of residential construction activity since 1986. Saskatoon exceeded this with an average of 925 units under construction, the highest volume since 1983. In 2005, the monthly data suggest that number of units under construction in Regina has fallen short of last year's pace but remains at the 2004 average level in Saskatoon.

**Contact: Paul Caton (306) 975-4897, pcaton@cmhc-schl.gc.ca**

# Manitoba

## Overview

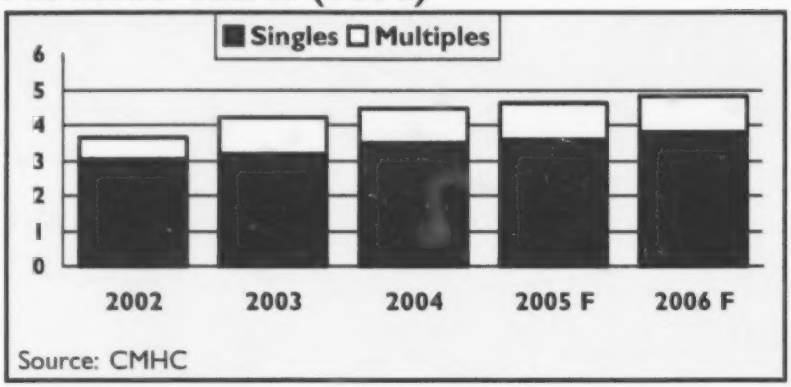
**Population growth and stable economy support housing market**

The demand for housing in Manitoba is being sustained by the strongest population growth in two decades. The provincial population increased by 0.8 per cent from January 2004 to January 2005. Much of this gain can be attributed to net gains from international migration.

The arrival of workers from outside the country is welcome news for a province experiencing a shortage of skilled workers. Presently, over 65 per cent of the people in Manitoba between the ages of 15 to 64 are working compared to about 63 per cent for all of Canada. As a result, employers across several sectors are reporting difficulties in finding suitable candidates to fill vacant positions.

On a more positive note, the tight labour market has led to wage gains in excess of inflation and provided workers the confidence to make major purchases such as a home or an automobile. The favourable economic environment is forecast to persist through 2005 and 2006.

## Manitoba Starts (000's)




Source: CMHC

The Manitoba economy will grow at an annual rate of about three per cent this year and next. Due to the diversified nature of the economy, growth will be spread out across several sectors. The unemployment rate will remain near five per cent and more than 80 per cent of the workers will have full time positions. Access to full-time jobs will make it easier for households to obtain financing to make a major purchase.

The forecast also assumes that the provincial government will continue its efforts to attract international immigrants to alleviate the shortage of skilled labour.

The combination of a strong job market and population gains will support the need for 4,600 housing starts in 2005 and 4,800 starts in 2006.

## In Detail

Single Starts: The number of single starts will be affected by market conditions in Winnipeg. The serviced land supply in Winnipeg is dwindling and the industry will face a shortage in the short-term as new serviced land will not become available for over a year. Developers will need to take advantage of infill opportunities in Winnipeg. Single-family starts will rise to 3,600 units in 2005 and climb to 3,800 in 2006.

Multiple Starts: Multiple-family starts will not be affected by the short-term serviced land shortages in Winnipeg as most new construction in the city will be in projects already approved and currently pre-selling. Multiple-family starts will therefore continue to hold the current pace for the next few years with 1,000 starts expected both this year and next.

Resales: Active listings in Winnipeg, which account for almost 90 per cent of provincial MLS® sales, continue to bounce back in 2005. With more homes available, provincial MLS® sales will reach 13,000 units in 2005 and will rise again to 13,800 units in 2006.

Prices: Gains in active listings in Winnipeg are not enough to meet the level of demand. MLS® prices in Manitoba will continue to rise, increasing by 10.7 per cent in 2005 and by another 6.1 per cent in 2006.

## Provincial Highlight

**City of Winnipeg poised to approve new supply of land to satisfy growing housing demand**

Winnipeg is poised to grow. A turnaround in net migration has brought many newcomers to the city and with them an increased need for housing. This has been reflected in the growing level of starts activity over the last few years. Many of Winnipeg's major subdivisions have now achieved full build-out and new residential areas are required. Developers and planners are currently working on plans that have the potential to create as many as 20,000 new single-family lots in subdivisions around the city. This is projected to satisfy housing demand in Winnipeg for the next 20 years.

**Contact: Dianne Himbeault (204) 983-5648, dhimbeau@cmhc-schl.gc.ca**

# Ontario

## Overview

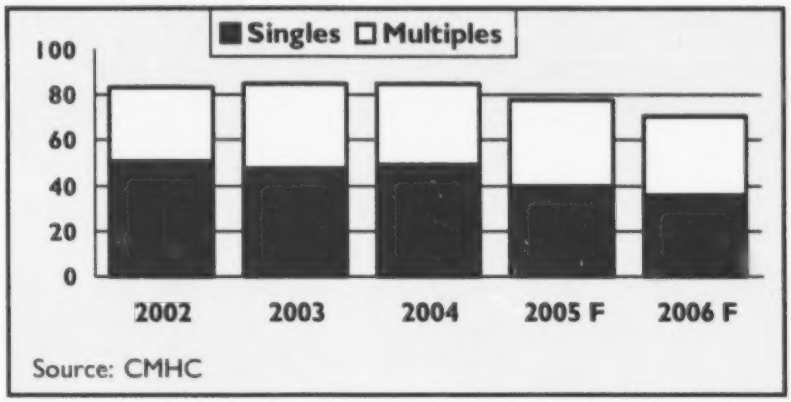
**Ontario: Ontario home starts shift into lower gear**

Ontario home starts will remain above historical averages but will lose ground to the existing home market. Rising new detached home prices, increasing construction costs, land constraints and more choice in the resale market will pull starts lower in 2005 and 2006. Look for 78,000 and 71,000 home starts this year and next, respectively.

Ontario economic growth will be respectable, but below the Canadian average. Consumer attitudes will remain healthy, thanks in large part to low interest rates and rising home owner equity. As a result, traffic in retail stores will remain strong. Similarly, business investment spending on machinery and equipment will continue to grow. Strength in domestic demand will need to remain firm to offset competitive challenges faced by regional exporters. Indeed, Ontario manufacturing shipments have plateaued, and the number of manufacturers reporting rising order levels, while increasing, is below historical averages. On the job front, a near record level of Ontario residents are employed. As a result, job growth in the province will remain respectable but will fall short of the high growth years of the late 90s.

Less housing market stimulus coming from job growth and interest rates will be met by slower population growth due to an ageing Ontario population and slower growth in migration. Despite increases in Ontario immigration in 2004, Ontario's share of Canadian immigration has been drifting lower (from a 2001 high of 59% to a 53% share in 2004). Similarly, inter provincial migration flows between Ontario and the rest of Canada will remain negative. A slower pace of manufacturing employment combined with appreciating home values will make Central Canada a less appealing destination for migrants.

## Ontario Starts (000's)




Source: CMHC

## In Detail

Single Starts: Despite a rapidly growing mid 40s population which prefers low density homes, higher single detached home prices will encourage many Ontario home buyers to buy less expensive multiple family homes. Single starts will decrease to 40,000 units in 2005 and to 35,500 units in 2006.

Multiple Starts: A shrinking but healthy pool of first time buyers looking for less expensive homes combined with provincial government policies deigned to encourage higher density housing suggests condominium construction will remain strong. Town homes will gain popularity among those wanting to be closer to the ground. Multiple starts will rise to 38,000 units in 2005 but edge lower to 35,500 units in 2006.

Resales:Sales through the Multiple Listing Service will remain at high levels with only a modest pull back expected from an all time record in 2004. MLS® sales will reach 193,000 units in 2005 and 186,000 units in 2006.

Prices: Home prices are high and growing at several times inflation. The gap with inflation will be narrowed by growing existing home listings. Look for Ontario home prices to rise by 7.7 and 4.5 per cent this year and in 2006, respectively.

## Provincial Highlight

**There is no evidence of an Ontario housing price bubble**

Many of us have long memories and recall speculative price bubbles that developed in residential real estate markets such as Calgary (late 1970s) and off course southern Ontario in the late 1980s. Given the recent run-up in home price in Ontario, some people may wonder if there is any evidence of a housing price bubble today. A bubble occurs when an asset experiences price increases well in excess of historical norms for a sustained period of time, which are based mainly on the speculation that they can be sold in the future at a higher price to someone who will buy it for the same reason.

In general, a price bubble requires the following conditions:
a) sharp house price increases (both nominal and net of inflation)
b) not supported by fundamental drivers of real estate demand.

Given these criteria, it is difficult to argue that Ontario is experiencing a speculative real estate bubble. To be sure, Ontario nominal and inflation adjusted house prices have increased steadily in recent years, driven by low interest rates, good job growth, and positive consumer sentiment. These solid fundamental drivers have contributed to strong demand for housing, which in turn has supported rising home prices. Therefore, with no evidence of a price bubble, a price bust is also unlikely.

**Contact: Ted Tsiakopoulos (416) 218-3407, ttsiakop@cmhc-schl.gc.ca**

# Quebec

## Overview

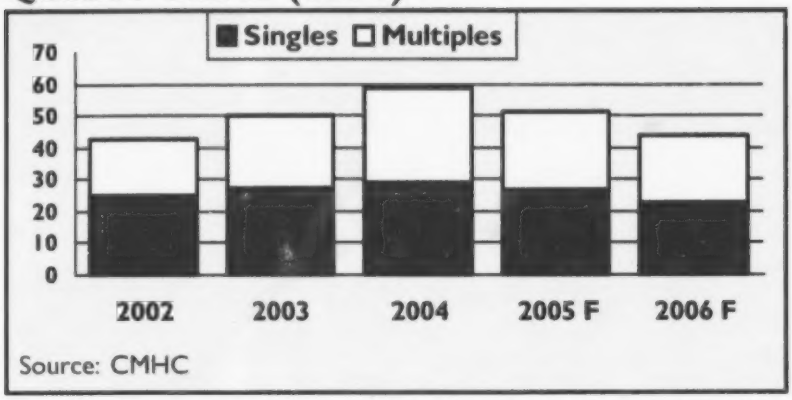
**Housing demand lower in 2005**

Quebec's economy is expected to strengthen but provincial economic growth will remain below the Canadian average in 2005 and 2006. Consumers remain confident and will continue to spend, and business investment will remain strong. However, spending by the provincial government will be restricted due to the small fiscal dividend and the province's export sector is still adjusting to the higher Canadian dollar. As a result, GDP is expected to grow at a 2.5 per cent pace in 2005 and 2.7 per cent in 2006, while employment growth will be around 1.1 per cent in both years.

The province's changing demographic landscape will help sustain Quebec's housing sector. A growing senior population is already translating into increased demand for specialized products such as condominiums geared to retirement aged clientele and seniors residences (see Provincial highlight). Meanwhile, steady and significant increases in immigration has lifted total net migration from 15,000 in 2000 to over 33,000 in 2004 (adding over 120,000 residents to the province's population). These demographic factors will provide a boost to housing demand and temper the reduction in housing starts in 2005 and 2006.

The pace of housing starts in Quebec more than doubled between 2000 and 2004. With a weaker job outlook and lacklustre economic growth, housing starts will retreat but will remain at relatively high levels. Housing starts will decrease to 51,000 units in 2005 and to 44,100 units in 2006.

## Quebec Starts (000's)




Source: CMHC

## In Detail

Single Starts : Single detached starts will decrease to 26,500 units in 2005 as slower employment growth, increased price pressure, and rising inventories on the resale market continue to lower demand for new singles. Rising mortgage rates will compound this situation in 2006 when single starts will fall to 22,600 units.

Multiple Starts : The changing demographic landscape will continue to sustain demand for condominiums, seniors residences, and conventional rental housing. However, after several years of strong growth, starts of multi-family homes - especially apartments - will drop to 24,500 units in 2005 and to 21,500 units in 2006.

Resales : While increasing inventories and moderating price pressures will help sustain a high level of activity, MLS® sales will decrease to 65,000 units in 2005 and 58,000 units in 2006.

Prices : While the resale market continues to favour sellers, rising listings and lower demand will moderate resale home price growth this year and next. As a result, the average price in this market is expected to reach $186,000 in 2005 and $194,000 in 2006.

## Provincial Highlight

**New construction boosts vacancies in retirement apartments**

According to the results of latest retirement home market survey conducted by CMHC, demand for retirement homes remains very strong in Quebec. In fact, even after several years of robust growth in the construction of retirement homes, vacancy rates in these units were up only marginally in 2004. That being said, the survey showed that vacancy rates did go up in most of the major markets across Quebec. In fact, four of the six census metropolitan areas (CMAs) in Quebec registered increases in their vacancy rates, in both the apartment and rooming retirement home segments.
In the Montreal area, which has by far the largest retirement housing stock in the province (more than 28,000 units), the vacancy rate increased to 2.9 per cent in 2004, compared to 1.7 per cent at the time of the 2003 survey. This rise was observed mainly in the apartment retirement home segment. There was a slightly larger increase in the Québec area market, where the vacancy rate rose from 1.9 per cent to 3.5 per cent in October 2004. As in previous years, the results show lower vacancy rates for spacious units in larger apartment retirement homes.

**Contact : Kevin Hughes (514) 283-4488, khughes@cmhc-schl.gc.ca**

# New Brunswick

## Overview

### Capital Projects Fueling Growth

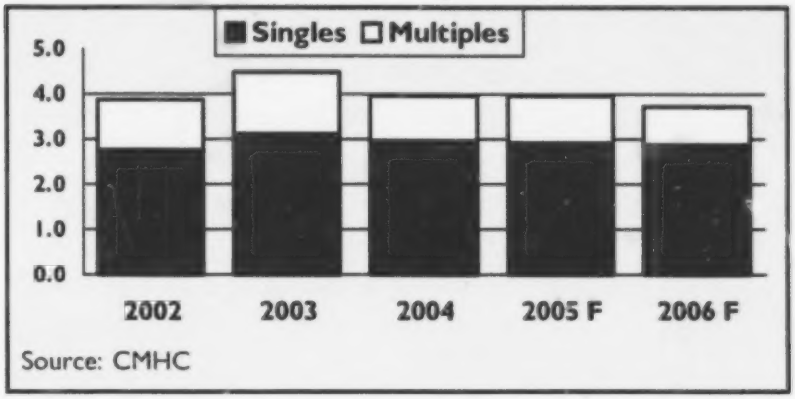
New Brunswick's economy is expected to grow at a moderate rate over the forecast period, supported by major investments in the energy sector. After a strong year in 2004, the manufacturing and exports sectors are expected to slow due the strong Canadian dollar and slower US growth.

However, capital investment will play a key role in fuelling economic growth in New Brunswick over the forecast period. The construction of the LNG terminal, the Trans-Canada Pipeline co-generation plant in Saint John, the twinning of the TC Highway, and the Point Lepreau refurbishment are all key projects that will continue to fuel economic growth.

After rebounding in 2004, employment growth will slow in 2005. Nevertheless, both the goods and services' sectors will generate new jobs, with the manufacturing, education and health care sectors performing particularly well over the forecast period. Expect employment to grow by 0.8 and 1.2 per cent in 2005 and 2006, respectively. Provincial GDP will expand at a pace of 2.5 in 2005 and 2.8 per cent in 2006.

Rising new home prices combined with an increased level of new listings will result in a decline in single starts. However, a rise in both semi-detached and apartment starts will more than offset the drop. Expect 3,950 and 3,720 total starts in 2005 and 2006, respectively.

### New Brunswick Starts (000's)




Source: CMHC

## In Detail

Single Starts: Increases in construction costs and lot prices in urban centres will contribute to a lower level of single starts over the forecast period. As well, rising listings in key urban markets will further contribute to a decline in single starts as potential buyers opt for the resale market. Single starts will decrease to 2,920 and 2,900 units in 2005 and 2006, respectively.

Multiple Starts: Following weaker levels of multiple construction in two of the three larger urban centres last year, multiple starts will increase in all centres in 2005. The new affordable housing program will help to stimulate rental starts this year and next. Multiple starts will reach 1,030 units in 2005, before falling to 820 units in 2006.

Resales: Rising new listings and a broadening gap between existing and new home prices will cause many households to opt for the resale market. Expect MLS® sales to reach a record level of 6,050 units in both 2005 and 2006.

Prices: Price growth will moderate in 2005 due to a rise in listings. Furthermore, demand for more expensive homes will weaken due to rising homeownership costs and higher mortgage rates in 2006. Growth in the average MLS® price will slow to a rate of 4.5 per cent in 2005 and 2.4 per cent in 2006.

## Provincial Highlight

### Energy has a major impact on the Southern N.B economy

The city of Saint John is home to Canada's largest oil refinery as well as being close to the Coleson Cove and Point Lepreau power generating stations. Irving in partnership with the Spanish gas giant Repsol are also building an LNG plant at Mispec. Energy has a major impact on the Southern N.B economy. Besides the direct jobs at the various operations, there is the expertise that has been developed over the years through the University of New Brunswick and the new energy institute located in Saint John. The recent focus on Point Lepreau and the decision by the government to proceed with the $1.4 billion refurbish of the nuclear power plant depends on participation by both the federal and provincial governments to financially support the project. A decision to proceed or not is expected soon. In the meantime the 700 people who depend on the plant for employment or the hundreds of indirect jobs in the Saint John region could be affected if the refit does not proceed.

**Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca**

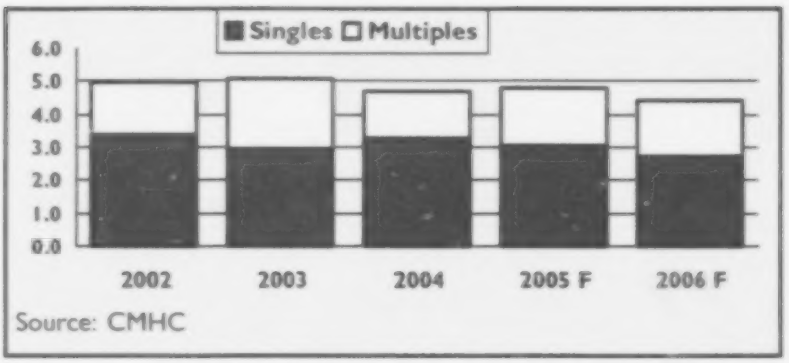
# Nova Scotia

## Overview

Nova Scotia's housing market is expected to remain buoyant over the next 18 months as a healthy labour market and persistently low borrowing costs keep home ownership demand simmering. Housing activity this year is forecast to edge past 2004's fine performance, with the pace of sales, starts and prices expected to ease only modestly in 2006.

The powerful combination of residential real estate appreciation, declining unemployment and low interest rates is still stimulating consumers, allowing the marathon run of retail sales growth to continue. However, over the next 18 months investment is expected to play an increasingly important role in accelerating economic growth as non-residential construction activity surges and rising interest rates curb consumption.

## Nova Scotia Starts (000's)




Source: CMHC

However, the manufacturing, trade and transport sectors face a host of challenges including high gasoline prices, and less favourable exchange rates and these challenges will likely limit expansion in these sectors. In addition, offshore energy exploration and development will remain subdued despite high energy prices.

In summary, economic and labour market growth are expected to be sufficient to ensure that housing demand will decline only modestly over the next 18 months. Stubbornly low mortgage rates will provide the necessary boost for total housing starts to reach 4,775 units this year before sliding 7 per cent to 4,425 units in 2006 as rising mortgage rates curb demand and restrain construction activity.

## In Detail

Single Starts: Lean existing home inventories in various areas of Nova Scotia will provide the necessary stimulus for single-detached housing starts to remain above 2004's level in the rural and small urban areas of the province. Conversely, a rapidly expanding inventory of homes for sale and an inadequate supply of serviced building lots will constrain single starts in Metro Halifax. As a result, provincial single starts are forecast to fall 5 per cent this year to 3,075 units and 11 per cent next year to 2,750 units.

Multiple Starts: Multiple unit starts are poised to rebound very strongly this year from a 32 per cent decline in 2004. Rising construction costs and buyers' high quality expectations will continue to encourage developers to increase the density of new housing products to hit attractive price points. In Metro Halifax, the condo market continues to grow impressively and the new municipal growth policy will encourage higher density development. Consequently, multiple starts are expected to leap 17.5 per cent this year to 1,700 units before settling at 1,675 units in 2006.

Resales: While a surge in MLS® listings in the first half of this year has stimulated buyer activity in Metro Halifax, a slower pace of sales is forecast for the second half of the year. Existing home sales are slowing in all other areas of the province, a trend that is expected to continue over the next 18 months as rising home ownership carrying costs curb demand. MLS® sales are forecast to slip 1.4 per cent this year and 2.3 per cent next year to 8,750 and 8,550 units, respectively.

Prices: Despite a tremendous increase in inventory of homes for sale in Metro Halifax and a slight decline in MLS® sales province-wide in the first half of the year, price growth has been unrelenting. MLS® average price is expected to rise a surprising 12.9 per cent to $165,000 this year and a much more tame 3 per cent in 2006 when average MLS® sale price reaches $170,000.

## Provincial Highlight

**Halifax Harbour Solutions Project will boost development on waterfront**

The Halifax Harbour Solutions Project is now well underway and is scheduled to be completed in 2008. The $333 million dollar project will have a significant, direct positive impact on the local economy and is also expected to have an indirect positive influence on the local tourism and hospitality sectors which will benefit from more tourists and residents being drawn to a clean, environmentally attractive harbour front. Residential real estate developers are also showing increased interest in harbour front land parcels in anticipation of the clean-up. Preliminary plans have been created for a mixed-use development on the Salter Block in downtown Halifax, and plans are being developed for 1,000 condominium units with a commercial component on the former Dartmouth Marine Slips site. Additional development is also anticipated along the Bedford Highway waterfront.

**Contact: David McCulloch (902) 426-8465, dmccullo@cmhc-schl.gc.ca**

# P.E.I.

## Overview

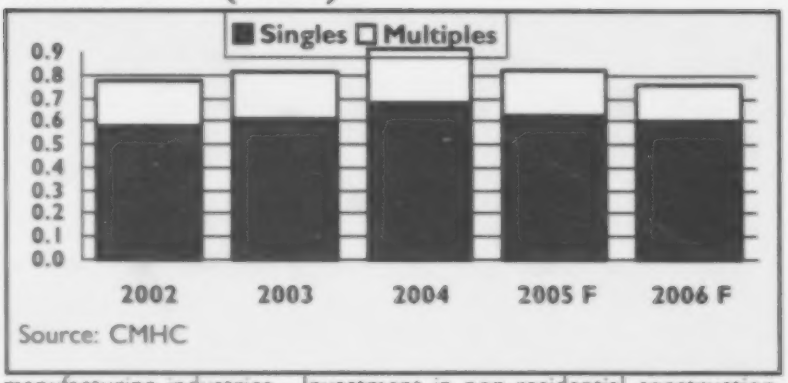
**Restrained Economic Growth in 2005**

Some of the Island's key sectors are expected to see a modest upturn following a lacklustre performances in 2004. The province's marketing efforts are expected to pay off in terms of an increase in new visitors from other provinces, but many past visitors will want to avoid the higher cost of travel associated with elevated gasoline prices and less attractive exchange rates by staying closer to home. The agriculture sector will be supported by an increase in potato yields to more normal levels and higher prices for potatoes. However, the sustained strength of the Canadian dollar will strain profit margins achieved from higher prices and limit performance in this sector.

Economic growth this year will be bolstered by continued strong performances in the construction and manufacturing industries. Investment in non-residential construction will remain strong over the forecast period and will be highlighted by a number of multi-million dollar projects that will either wrap-up or break ground this year. As a result, expect the provincial economy to expand at a moderate pace of 2.0 and 2.2 per cent in 2005 and 2006, respectively. Employment growth will improve to 2.0 per cent in 2005 before slowing to 1.2 per cent next year.

Residential construction although easing this year is expected to reach the third highest level since 1990. Despite the slowdown in housing activity the economy will continue to perform well. Expect total starts to reach 825 units in 2005, followed by a 7.9 per cent drop in 2006 to 760 units.

## P.E.I. Starts (000's)




Source: CMHC

## In Detail

**Single Starts:** The construction of single-family homes is expected to remain strong over the forecast period, although activity will fall short of the elevated levels posted in the last two years. Single housing starts are expected to reach 630 and 600 units in 2005 and 2006 respectively.

**Multiple Starts:** Multiple starts in 2005 are expected to reach 195 units, a decrease of 42 units from 2004. The decrease this year will come as the construction of semi-detached and row units fall back to more normal levels in both the Charlottetown and Summerside markets. Expect multiple starts to slow further in 2006 to 160 units.

**Resales:** MLS® sales in PEI for 2005 are expected to fall just short of the record level recorded last year. MLS® sales will reach 1,450 units in both 2005 and 2006. Considering the expected rise in mortgage rates and the low level of new listings in the key urban markets, this is a sign that market conditions in the province remain strong.

**Prices:** After several years of strong price growth, fuelled by a shortage of listings and strong demand for resale homes in the provinces urban centres, growth in the average MLS® sales price is expected to slow in 2005 and 2006 as a result of an increase in the number of new listings. The average sales price will rise 3.3 per cent in 2005 to $114,500 and a further 3.1 per cent in 2006.

## Provincial Highlight

**Migration to Prince Edward Island's has played a key role in the province's housing market.**

While net migration has historically been only a fraction of what Canada records on an annual basis, the importance of net migration to Prince Edward Island cannot be overlooked. In fact, among provinces for which the population increased between 1998 and 2003, net migration as a share of total population gains was highest in Prince Edward Island.

Like many other regions of Atlantic Canada, the province faces the challenge of retaining its younger working age population. But the departure of young Islanders seeking work in other provinces is more than offset by the influx of people in older age groups, especially those in the 45-64 age group. Many within this age group are choosing to move back to the province to less hectic lifestyles during the latter part of their careers. Queens County has seen most of this in-migration between 1998 and 2003.

**Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca**

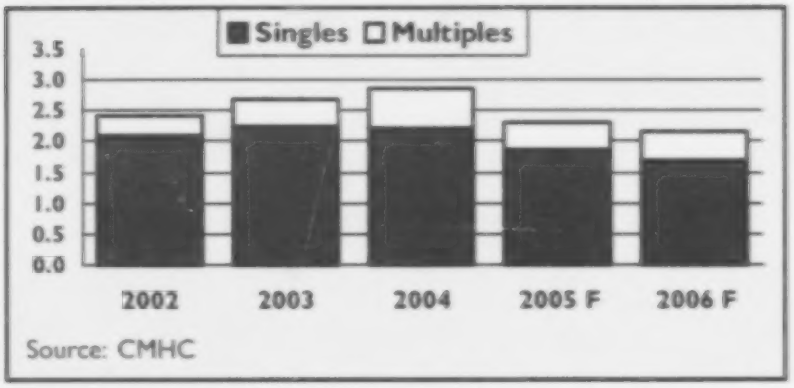
# Newfoundland and Labrador

## Overview

**Province will lead the country in GDP growth in 2006**

While Newfoundland and Labrador is poised to lead the country in economic growth in 2006, not all sectors of the economy will prosper. Similar to recent trends, the expected increase in real GDP will be largely due to rising production levels in resource-based industries. Export growth stemming from full year production at both the White Rose offshore oil project and Voisey's Bay mine will fuel a robust 5.0 per cent increase in real GDP next year. Finalization of the $2.0 billion Atlantic Accord and higher offshore oil royalties has provided the Province with some room to make additional investments. An infusion of public funds related to increased federal transfers for health care and equalization will also have a moderately positive impact on provincial economic performance over the medium to long term. Delays in start-up of the crab fishery in early 2005 have resulted in reduced activity in the processing sector and income losses for many harvesters. Additional quota reductions for crab will likely lead to further declines in processing capacity and associated employment losses in coming years. Given the structure of the fishery, rural economies will be most affected. Iron ore production has rebounded this year and, along with healthy price gains, will perform quite well. Employment growth will moderate to 0.5 per cent in 2005 reflecting problems in the fishery and the end of the construction phase on Voisey's Bay and White Rose. Growth in service based industries will underpin modest job gains of 0.2 per cent in 2006. Weakness in rural economies and the winding down of construction on large scale developments will keep out-migration at high levels, further dampening housing demand.

### Newfoundland and Labrador Starts (000's)




Source: CMHC

## In Detail

Single Starts: Demand for single-detached homes is being squeezed by rising construction costs, growing competition from an expanding supply of less expensive existing dwellings and an ongoing shift towards multiple family homes. When coupled with weakness in rural areas and flagging employment, single-detached starts are forecast to decline to 1,880 units in 2005 and 1,700 units in 2006.

Multiple Starts: Weak investment in larger rental projects and home buying on the decline, will cause multiple starts to taper off to 420 units in 2005. Multiple starts will edge slightly higher to 450 units in 2006 largely due to increased public sector investment in affordable housing. Reduced home buying activity will also limit demand for semi-detached units which are forecast to fall significantly from last year's lofty levels. Rising prices will sustain demand for accessory suites in single-detached homes while condominium starts should remain on par.

Resales: Increased sales stemming from the expansion of the province's MLS ® system to include the Humber Valley and West Coast regions will help to cushion some of the expected decline in provincial MLS ® sales over the forecast period. It is expected that fewer transactions in the second half of 2005 will wipe out earlier gains in the year resulting in a slight drop in MLS ® sales to 3,100 units this year. MLS ® sales will decrease to 3,000 units in 2006.

Prices: Waning demand, in the face of increased supply and balanced market conditions in St. John's will temper growth in average MLS ® prices. Given these conditions, expect price increases to slow to 4.2 per cent in 2005 and to 2.2 per cent in 2006.

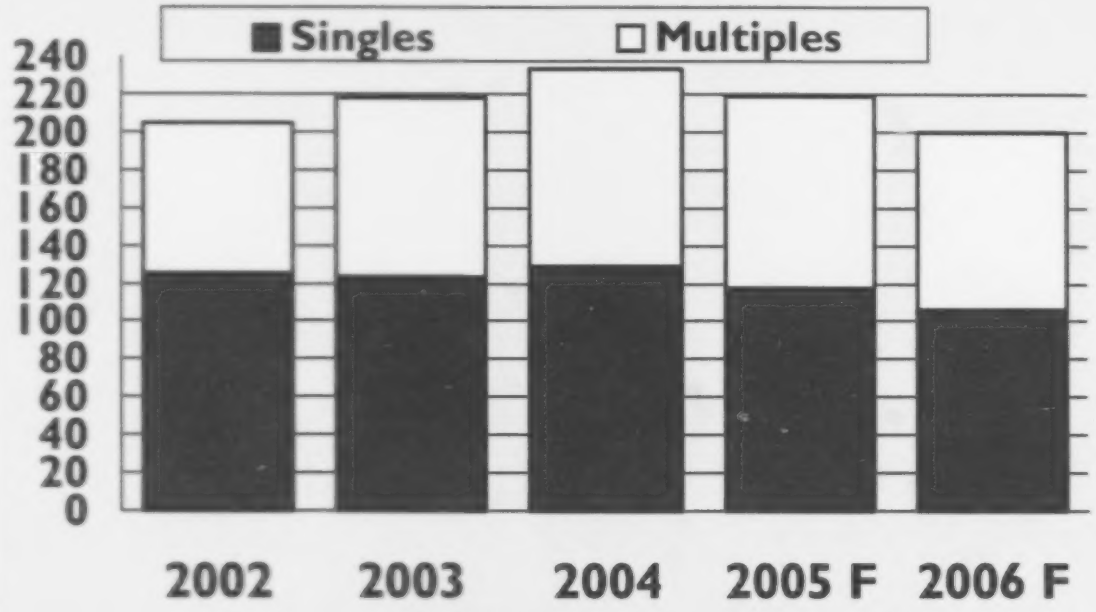
## Provincial Highlight

**St. John's Resale Market Returns to Balanced Conditions**

Following three years of favouring sellers, the St. John's region's resale market moved back into balanced territory in early summer. The return to more balanced conditions was largely a result of a sustained increase in the supply of homes being listed for sale. In fact, the supply of MLS ® active residential listings surged to a six-year high during the second quarter, maintaining a trend that began in mid-2003. At the end of May, total active residential listings stood at 1,395 units, representing an increase of 41.1 per cent over the same period in 2004. With more choice in the marketplace, home buyers are able to shop around. As a result, listing are on the market longer and growth in house prices has shown signs of easing. Given these conditions, demand for new units will also decline as home buyers demand shifts toward less expensive existing homes.

**Contact: Brian Martin (709) 772-4034,** bmartin@cmhc-schl.gc.ca

# Canada Starts (000's)




Source: CMHC Forecast 2005-2006.

## Total Housing Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 1,459 | 1,788 | 2,419 | 2,692 | 2,870 | 2,300 | 2,150 |
| % | 6.4 | 22.5 | 35.3 | 11.3 | 6.6 | -19.9 | -6.5 |
| PEI | 710 | 675 | 775 | 814 | 919 | 825 | 760 |
| % | 15.3 | -4.9 | 14.8 | 5.0 | 12.9 | -10.2 | -7.9 |
| NS | 4,432 | 4,092 | 4,970 | 5,096 | 4,717 | 4,775 | 4,425 |
| % | 4.3 | -7.7 | 21.5 | 2.5 | -7.4 | 1.2 | -7.3 |
| NB | 3,079 | 3,462 | 3,862 | 4,489 | 3,947 | 3,950 | 3,720 |
| % | 10.9 | 12.4 | 11.6 | 16.2 | -12.1 | 0.1 | -5.8 |
| QUE | 24,695 | 27,682 | 42,452 | 50,289 | 58,448 | 51,000 | 44,100 |
| % | -4.1 | 12.1 | 53.4 | 18.5 | 16.2 | -12.7 | -13.5 |
| ONT | 71,521 | 73,282 | 83,597 | 85,180 | 85,114 | 78,000 | 71,000 |
| % | 6.4 | 2.5 | 14.1 | 1.9 | -0.1 | -8.4 | -9.0 |
| MAN | 2,560 | 2,963 | 3,617 | 4,206 | 4,440 | 4,600 | 4,800 |
| % | -18.3 | 15.7 | 22.1 | 16.3 | 5.6 | 3.6 | 4.3 |
| SASK | 2,513 | 2,381 | 2,963 | 3,315 | 3,781 | 3,850 | 3,600 |
| % | -18.6 | -5.3 | 24.4 | 11.9 | 14.1 | 1.8 | -6.5 |
| ALTA | 26,266 | 29,174 | 38,754 | 36,171 | 36,270 | 36,000 | 34,000 |
| % | 3.2 | 11.1 | 32.8 | -6.7 | 0.3 | -0.7 | -5.6 |
| BC | 14,418 | 17,234 | 21,625 | 26,174 | 32,925 | 33,600 | 31,600 |
| % | -11.6 | 19.5 | 25.5 | 21.0 | 25.8 | 2.1 | -6.0 |
| Canada | 151,653 | 162,733 | 205,034 | 218,426 | 233,431 | 218,900 | *200,200 |
| % | 1.1 | 7.3 | 26.0 | 6.5 | 6.9 | -6.2 | -8.5 |

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

## Single-detached Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 1,315 | 1,598 | 2,092 | 2,240 | 2,229 | 1,880 | 1,700 |
| % | 6.7 | 21.5 | 30.9 | 7.1 | -0.5 | -15.7 | -9.6 |
| PEI | 614 | 551 | 582 | 613 | 682 | 630 | 600 |
| % | 30.1 | -10.3 | 5.6 | 5.3 | 11.3 | -7.6 | -4.8 |
| NS | 2,856 | 2,761 | 3,363 | 2,968 | 3,270 | 3,075 | 2,750 |
| % | -14.6 | -3.3 | 21.8 | -11.7 | 10.2 | -6.0 | -10.6 |
| NB | 2,442 | 2,573 | 2,769 | 3,139 | 2,970 | 2,920 | 2,900 |
| % | 10.9 | 5.4 | 7.6 | 13.4 | -5.4 | -1.7 | -0.7 |
| QUE | 15,349 | 17,193 | 25,257 | 27,225 | 28,871 | 26,500 | 22,600 |
| % | -2.8 | 12.0 | 46.9 | 7.8 | 6.0 | -8.2 | -14.7 |
| ONT | 41,087 | 39,632 | 51,114 | 47,610 | 48,929 | 40,000 | 35,500 |
| % | 4.2 | -3.5 | 29.0 | -6.9 | 2.8 | -18.2 | -11.3 |
| MAN | 2,348 | 2,460 | 3,016 | 3,165 | 3,484 | 3,600 | 3,800 |
| % | 5.2 | 4.8 | 22.6 | 4.9 | 10.1 | 3.3 | 5.6 |
| SASK | 1,890 | 1,627 | 1,931 | 2,097 | 2,193 | 2,200 | 2,200 |
| % | -8.7 | -13.9 | 18.7 | 8.6 | 4.6 | 0.3 | 0.0 |
| ALTA | 16,835 | 19,769 | 24,520 | 21,918 | 22,487 | 23,000 | 21,500 |
| % | 0.9 | 17.4 | 24.0 | -10.6 | 2.6 | 2.3 | -6.5 |
| BC | 7,448 | 7,862 | 10,730 | 12,252 | 14,056 | 13,800 | 12,600 |
| % | -14.7 | 5.6 | 36.5 | 14.2 | 14.7 | -1.8 | -8.7 |
| CAN | 92,184 | 96,026 | 125,374 | 123,227 | 129,171 | *117,600 | *106,200 |
| % | 0.0 | 4.2 | 30.6 | -1.7 | 4.8 | -9.0 | -9.7 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 144 | 190 | 327 | 452 | 641 | 420 | 450 |
| % | 4.3 | 31.9 | 72.1 | 38.2 | 41.8 | -34.5 | 7.1 |
| PEI | 96 | 124 | 193 | 201 | 237 | 195 | 160 |
| % | -33.3 | 29.2 | 55.6 | 4.1 | 17.9 | -17.7 | -17.9 |
| NS | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,700 | 1,675 |
| % | 74.1 | -15.5 | 20.7 | 32.4 | -32.0 | 17.5 | -1.5 |
| NB | 637 | 889 | 1,093 | 1,350 | 977 | 1,030 | 820 |
| % | 10.8 | 39.6 | 22.9 | 23.5 | -27.6 | 5.4 | -20.4 |
| QUE | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 24,500 | 21,500 |
| % | -6.0 | 12.2 | 63.9 | 34.1 | 28.2 | -17.2 | -12.2 |
| ONT | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 38,000 | 35,500 |
| % | 9.4 | 10.6 | -3.5 | 15.7 | -3.7 | 5.0 | -6.6 |
| MAN | 212 | 503 | 601 | 1,041 | 956 | 1,000 | 1,000 |
| % | -76.5 | 137.3 | 19.5 | 73.2 | -8.2 | 4.6 | 0.0 |
| SASK | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,650 | 1,400 |
| % | -38.9 | 21.0 | 36.9 | 18.0 | 30.4 | 3.9 | -15.2 |
| ALTA | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 13,000 | 12,500 |
| | 7.7 | -0.3 | 51.3 | 0.1 | -3.3 | -5.7 | -3.8 |
| BC | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 19,800 | 19,000 |
| % | -8.0 | 34.5 | 16.3 | 27.8 | 35.5 | 4.9 | -4.0 |
| CAN | 59,469 | 66,707 | 79,660 | 95,199 | 104,260 | *101,300 | *94,000 |
| % | 2.9 | 12.2 | 19.4 | 19.5 | 9.6 | -2.8 | -7.2 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Housing Starts by Type (Units)

| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|---|
| NF | Semi-detached | 44 | 30 | 36 | 66 | 264 | 150 | 150 |
| | Row | 23 | 36 | 42 | 107 | 51 | 20 | 30 |
| | Apartment | 77 | 124 | 249 | 279 | 326 | 250 | 270 |
| | Total | 144 | 190 | 327 | 452 | 641 | 420 | 450 |
| PEI | Semi-detached | 46 | 56 | 64 | 72 | 76 | 60 | 50 |
| | Row | 21 | 10 | 47 | 40 | 80 | 45 | 40 |
| | Apartment | 29 | 58 | 82 | 89 | 81 | 90 | 70 |
| | Total | 96 | 124 | 193 | 201 | 237 | 195 | 160 |
| NS | Semi-detached | 266 | 228 | 253 | 338 | 266 | 225 | 200 |
| | Row | 17 | 40 | 144 | 277 | 186 | 150 | 150 |
| | Apartment | 1,293 | 1,063 | 1,210 | 1,513 | 995 | 1,325 | 1325 |
| | Total | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,700 | 1675 |
| NB | Semi-detached | 113 | 114 | 186 | 254 | 293 | 310 | 270 |
| | Row | 26 | 153 | 68 | 143 | 256 | 175 | 130 |
| | Apartment | 498 | 622 | 839 | 953 | 428 | 545 | 420 |
| | Total | 637 | 889 | 1,093 | 1,350 | 977 | 1,030 | 820 |
| QC | Semi-detached | 1,291 | 1,309 | 1,855 | 2,432 | 2,932 | 2,500 | 2,400 |
| | Row | 858 | 869 | 964 | 773 | 1,109 | 900 | 800 |
| | Apartment | 7,197 | 8,311 | 14,376 | 19,859 | 25,536 | 21,100 | 18,300 |
| | Total | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 24,500 | 21,500 |
| ON | Semi-detached | 7,167 | 7,106 | 6,886 | 6,379 | 5,172 | 4,600 | 3,800 |
| | Row | 10,846 | 10,269 | 11,849 | 12,191 | 12,824 | 12,900 | 12,000 |
| | Apartment | 12,421 | 16,275 | 13,748 | 19,000 | 18,189 | 20,500 | 19,700 |
| | Total | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 38,000 | 35,500 |
| MAN | Semi-detached | 52 | 51 | 68 | 88 | 132 | 105 | 70 |
| | Row | 63 | 84 | 76 | 62 | 92 | 95 | 80 |
| | Apartment | 97 | 368 | 457 | 891 | 732 | 800 | 850 |
| | Total | 212 | 503 | 601 | 1,041 | 956 | 1,000 | 1,000 |
| SK | Semi-detached | 148 | 116 | 142 | 95 | 184 | 150 | 200 |
| | Row | 173 | 240 | 456 | 594 | 681 | 600 | 400 |
| | Apartment | 302 | 398 | 434 | 529 | 723 | 900 | 800 |
| | Total | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,650 | 1,400 |
| ALB | Semi-detached | 1,518 | 1,957 | 2,869 | 2,567 | 2,916 | 2,950 | 3,500 |
| | Row | 1,545 | 1,779 | 2,531 | 2,859 | 2,401 | 2,350 | 2,800 |
| | Apartment | 6,368 | 5,669 | 8,834 | 8,827 | 8,466 | 7,700 | 6,200 |
| | Total | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 13,000 | 12,500 |
| B.C. | Semi-detached | 885 | 916 | 1,225 | 1,353 | 2,062 | 2,200 | 2,250 |
| | Row | 1,675 | 1,686 | 2,305 | 3,297 | 4,387 | 4,500 | 4,350 |
| | Apartment | 4,410 | 6,770 | 7,365 | 9,272 | 12,420 | 13,100 | 12,400 |
| | Total | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 19,800 | 19,000 |
| CAN | Semi-detached | 11,530 | 11,883 | 13,584 | 13,644 | 14,297 | 13,250 | 12,890 |
| | Row | 15,247 | 15,166 | 18,482 | 20,343 | 22,067 | 21,735 | 20,780 |
| | Apartment | 32,692 | 39,658 | 47,594 | 61,212 | 67,896 | 66,310 | 60,335 |
| | Total | 59,469 | 66,707 | 79,660 | 95,199 | 104,260 | *101,300 | *94,000 |

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

## Total Residential Resales
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 2,593 | 2,808 | 3,014 | 3,238 | 3,265 | 3,100 | 3,000 |
| % | 6.4 | 8.3 | 7.3 | 7.4 | 0.8 | -5.1 | -3.2 |
| PEI | 1,206 | 1,234 | 1,306 | 1,404 | 1,500 | 1,450 | 1,450 |
| % | 1.9 | 2.3 | 5.8 | 7.5 | 6.8 | -3.3 | 0.0 |
| NS | 8,577 | 9,441 | 10,243 | 9,221 | 8,873 | 8,750 | 8,550 |
| % | -2.8 | 10.1 | 8.5 | -10.0 | -3.8 | -1.4 | -2.3 |
| NB | 4,524 | 4,779 | 5,089 | 5,489 | 5,979 | 6,050 | 6,050 |
| % | 3.4 | 5.6 | 6.5 | 7.9 | 8.9 | 1.2 | 0.0 |
| QUE | 54,160 | 62,351 | 68,161 | 67,130 | 69,617 | 65,000 | 58,000 |
| % | 8.8 | 15.1 | 9.3 | -1.5 | 3.7 | -6.6 | -10.8 |
| ONT | 147,158 | 162,318 | 178,058 | 184,457 | 197,354 | 193,000 | 186,000 |
| % | -1.0 | 10.3 | 9.7 | 3.6 | 7.0 | -2.2 | -3.6 |
| MAN | 10,612 | 11,440 | 11,108 | 11,523 | 12,098 | 13,000 | 13,800 |
| % | -2.3 | 7.8 | -2.9 | 3.7 | 5.0 | 7.5 | 6.2 |
| SASK | 7,552 | 7,971 | 7,933 | 7,698 | 8,172 | 8,500 | 8,800 |
| % | -6.2 | 5.5 | -0.5 | -3.0 | 6.2 | 4.0 | 3.5 |
| ALTA | 43,311 | 48,989 | 51,042 | 51,334 | 57,460 | 59,000 | 56,000 |
| % | 1.5 | 13.1 | 4.2 | 0.6 | 11.9 | 2.7 | -5.1 |
| BC | 54,179 | 69,554 | 82,737 | 93,095 | 96,385 | 98,000 | 92,000 |
| % | -6.7 | 28.4 | 19.0 | 12.5 | 3.5 | 1.7 | -6.1 |
| CAN** | 333,872 | 380,885 | 418,691 | 434,589 | 460,703 | *455,900 | *433,700 |
| % | -0.3 | 14.1 | 9.9 | 3.8 | 6.0 | -1.0 | -4.9 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Average Residential Resale Price
## (dollars and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 99,525 | 104,376 | 113,081 | 119,822 | 131,499 | 137,000 | 140,000 |
| % | 5.5 | 4.9 | 8.3 | 6.0 | 9.7 | 4.2 | 2.2 |
| PEI | 82,883 | 87,696 | 94,964 | 101,745 | 110,815 | 114,500 | 118,000 |
| % | 0.9 | 5.8 | 8.3 | 7.1 | 8.9 | 3.3 | 3.1 |
| NS | 109,839 | 115,485 | 126,669 | 136,292 | 146,096 | 165,000 | 170,000 |
| % | 7.0 | 5.1 | 9.7 | 7.6 | 7.2 | 12.9 | 3.0 |
| NB | 91,624 | 95,947 | 100,129 | 105,858 | 112,933 | 118,000 | 120,800 |
| % | 4.0 | 4.7 | 4.4 | 5.7 | 6.7 | 4.5 | 2.4 |
| QUE | 111,296 | 115,820 | 130,403 | 151,881 | 170,647 | 186,000 | 194,000 |
| % | 3.5 | 4.1 | 12.6 | 16.5 | 12.4 | 9.0 | 4.3 |
| ONT | 183,841 | 193,357 | 210,901 | 226,824 | 245,229 | 264,000 | 276,000 |
| % | 5.6 | 5.2 | 9.1 | 7.5 | 8.1 | 7.7 | 4.5 |
| MAN | 87,884 | 93,192 | 96,531 | 106,788 | 119,245 | 132,000 | 140,000 |
| % | 1.7 | 6.0 | 3.6 | 10.6 | 11.7 | 10.7 | 6.1 |
| SASK | 94,047 | 98,310 | 101,297 | 104,995 | 110,824 | 120,000 | 126,000 |
| % | 2.9 | 4.5 | 3.0 | 3.7 | 5.6 | 8.3 | 5.0 |
| ALTA | 146,258 | 153,737 | 170,253 | 182,845 | 194,769 | 215,000 | 228,000 |
| % | 4.8 | 5.1 | 10.7 | 7.4 | 6.5 | 10.4 | 6.0 |
| BC | 221,371 | 222,822 | 238,877 | 259,968 | 289,107 | 319,000 | 337,000 |
| % | 2.8 | 0.7 | 7.2 | 8.8 | 11.2 | 10.3 | 5.6 |
| CAN** | 164,036 | 171,801 | 188,785 | 207,162 | 226,283 | *246,700 | *258,700 |
| % | 3.7 | 4.7 | 9.9 | 9.7 | 9.2 | 9.0 | 4.9 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Employment (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -1.4 | 3.1 | 1.6 | 2.4 | 1.3 | 0.5 | 0.2 |
| PEI | 4.3 | 1.4 | 1.4 | 2.4 | 0.8 | 2.0 | 1.2 |
| NS | 2.0 | 1.0 | 1.7 | 2.1 | 2.4 | 1.5 | 1.3 |
| NB | 1.7 | -0.2 | 3.7 | 0.3 | 1.9 | 0.8 | 1.2 |
| QUE | 2.5 | 1.1 | 3.7 | 1.6 | 1.7 | 1.1 | 1.1 |
| ONT | 3.2 | 1.9 | 1.9 | 2.9 | 1.7 | 1.3 | 1.4 |
| MAN | 2.2 | 0.5 | 2.4 | 0.5 | 1.0 | 1.3 | 1.6 |
| SASK | 0.4 | -2.7 | 1.7 | 1.5 | 1.0 | 1.5 | 1.1 |
| ALTA | 2.7 | 2.9 | 2.5 | 2.8 | 2.3 | 1.9 | 1.7 |
| BC | 2.0 | -0.4 | 2.0 | 2.8 | 2.3 | 3.0 | 2.3 |
| CAN | 2.6 | 1.3 | 2.4 | 2.3 | 1.8 | 1.5 | 1.4 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Unemployment Rate (percent)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 16.7 | 16.0 | 16.6 | 16.4 | 15.6 | 15.2 | 15.4 |
| PEI | 12.1 | 12.0 | 12.1 | 11.0 | 11.3 | 10.9 | 10.9 |
| NS | 9.1 | 9.8 | 9.6 | 9.1 | 8.8 | 8.5 | 8.3 |
| NB | 10.0 | 11.1 | 10.2 | 10.3 | 9.8 | 9.4 | 9.4 |
| QUE | 8.5 | 8.8 | 8.7 | 9.2 | 8.5 | 8.6 | 8.7 |
| ONT | 5.8 | 6.4 | 7.1 | 7.0 | 6.8 | 6.7 | 6.6 |
| MAN | 5.0 | 5.1 | 5.1 | 5.0 | 5.3 | 5.2 | 5.1 |
| SASK | 5.2 | 5.8 | 5.7 | 5.6 | 5.3 | 5.1 | 5.0 |
| ALTA | 5.0 | 4.7 | 5.3 | 5.1 | 4.6 | 4.4 | 4.3 |
| BC | 7.2 | 7.7 | 8.5 | 8.0 | 7.2 | 6.3 | 6.1 |
| CAN | 6.8 | 7.2 | 7.7 | 7.6 | 7.2 | 7.0 | 6.9 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Real Gross Domestic Product (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 5.2 | 1.3 | 16.7 | 6.8 | -0.7 | 2.0 | 5.0 |
| PEI | 1.9 | -0.3 | 6.1 | 1.9 | 1.7 | 2.0 | 2.2 |
| NS | 3.1 | 2.9 | 5.2 | 1.2 | 1.5 | 2.3 | 2.8 |
| NB | 2.1 | 1.3 | 4.8 | 2.5 | 2.6 | 2.5 | 2.8 |
| QUE | 4.3 | 1.1 | 4.1 | 1.9 | 2.2 | 2.5 | 2.7 |
| ONT | 5.9 | 2.0 | 3.4 | 1.6 | 2.6 | 2.4 | 2.8 |
| MAN | 4.3 | 0.8 | 2.2 | 1.5 | 2.3 | 3.0 | 3.1 |
| SASK | 2.6 | -1.8 | -0.3 | 4.5 | 3.5 | 2.9 | 2.9 |
| ALTA | 6.1 | 1.6 | 2.4 | 2.7 | 3.7 | 3.8 | 4.1 |
| BC | 4.6 | 0.9 | 3.3 | 2.5 | 3.9 | 3.5 | 3.3 |
| CAN | 5.2 | 1.8 | 3.4 | 2.0 | 2.9 | 2.8 | 3.2 |

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

## Total Net Migration* (persons)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -4,725 | -3,765 | -2,718 | -454 | -1,878 | -2,700 | -2,250 |
| PEI | 20 | 357 | 151 | 461 | 78 | 175 | 225 |
| NS | -564 | -195 | 1,068 | 1,484 | 244 | 800 | 950 |
| NB | -1,411 | -1,175 | 543 | -761 | 64 | -350 | -600 |
| QUE | 14,848 | 27,730 | 28,012 | 31,515 | 33,299 | 33,000 | 34,000 |
| ONT | 151,099 | 162,871 | 134,176 | 101,198 | 97,062 | 103,000 | 107,000 |
| MAN | -377 | -807 | 1,722 | 3,245 | 6,025 | 6,250 | 6,750 |
| SASK | -7,648 | -7,675 | -6,334 | -2,998 | -1,711 | -1,000 | -800 |
| ALTA | 34,012 | 38,273 | 29,100 | 22,395 | 24,758 | 25,400 | 26,200 |
| BC | 14,483 | 28,700 | 23,105 | 31,660 | 35,556 | 40,000 | 44,000 |
| CAN** | 199,737 | 244,314 | 208,825 | 187,745 | 193,497 | *204,575 | *215,475 |

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index, annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Victoria | 2004 | 2,363 | 1,038 | 9.0 | 7,685 | 325,412 | 0.6 |
| | 2005(F) | 2,550 | 1,090 | 7.5 | 7,850 | 355,000 | 1.2 |
| | 2006(F) | 2,325 | 1,020 | 6.0 | 7,500 | 360,000 | 2.1 |
| Vancouver | 2004 | 19,430 | 5,614 | 5.0 | 37,972 | 373,877 | 1.3 |
| | 2005(F) | 19,400 | 4,800 | 5.2 | 36,000 | 405,000 | 1.5 |
| | 2006(F) | 18,500 | 4,500 | 5.0 | 35,000 | 425,000 | 1.5 |
| Abbotsford | 2004 | 1,083 | 607 | n.a. | 3,740 | 232,175 | 2.8 |
| | 2005(F) | 950 | 525 | na | 3,500 | 245,000 | 3.0 |
| | 2006(F) | 910 | 500 | na | 3,300 | 250,000 | 2.5 |
| Edmonton | 2004 | 11,488 | 6,614 | 4.0 | 17,652 | 179,610 | 5.3 |
| | 2005(F) | 10,700 | 6,500 | 4.0 | 17,600 | 191,000 | 4.8 |
| | 2006(F) | 10,250 | 6,250 | 4.0 | 17,000 | 201,000 | 4.4 |
| Calgary | 2004 | 14,008 | 8,233 | 5.6 | 26,511 | 222,860 | 4.3 |
| | 2005(F) | 13,700 | 8,500 | 5.0 | 28,750 | 242,800 | 4.2 |
| | 2006(F) | 13,000 | 8,000 | 4.0 | 28,250 | 261,000 | 4.2 |
| Saskatoon | 2004 | 1,578 | 753 | 4.7 | 2,999 | 132,549 | 6.3 |
| | 2005(F) | 1,550 | 700 | 5.0 | 3,200 | 141,000 | 5.5 |
| | 2006(F) | 1,300 | 700 | 4.0 | 3,400 | 148,000 | 5.0 |
| Regina | 2004 | 1,242 | 605 | 6.5 | 2,785 | 111,869 | 2.7 |
| | 2005(F) | 1,250 | 600 | 7.0 | 2,900 | 123,000 | 2.7 |
| | 2006(F) | 1,150 | 550 | 6.0 | 3,000 | 135,000 | 3.0 |
| Winnipeg | 2004 | 2,489 | 1,882 | 6.4 | 10,797 | 121,925 | 1.1 |
| | 2005(F) | 2,650 | 1,900 | 7.4 | 11,700 | 135,000 | 1.3 |
| | 2006(F) | 2,800 | 2,000 | 6.1 | 12,500 | 146,000 | 1.5 |
| Thunder Bay | 2004 | 287 | 241 | 1.9 | 1,453 | 112,500 | 5.0 |
| | 2005(F) | 265 | 200 | 1.5 | 1,380 | 113,625 | 5.5 |
| | 2006(F) | 240 | 190 | 1.0 | 1,350 | 114,193 | 6.0 |
| Sudbury | 2004 | 388 | 374 | 1.9 | 2,500 | 122,866 | 2.6 |
| | 2005(F) | 440 | 390 | 1.5 | 2,600 | 126,500 | 2.0 |
| | 2006(F) | 420 | 370 | 1.0 | 2,488 | 129,000 | 2.5 |
| Windsor | 2004 | 2,287 | 1,539 | 0.4 | 5,800 | 159,597 | 8.8 |
| | 2005(F) | 1,720 | 1,200 | 3.0 | 5,500 | 165,000 | 6.5 |
| | 2006(F) | 1,585 | 1,100 | 3.0 | 5,300 | 170,000 | 6.0 |
| London | 2004 | 3,078 | 2,336 | 4.8 | 9,238 | 167,344 | 3.7 |
| | 2005(F) | 3,165 | 1,925 | 4.5 | 8,750 | 177,000 | 4.2 |
| | 2006(F) | 2,590 | 1,860 | 3.3 | 8,200 | 181,500 | 4.0 |
| Kitchener | 2004 | 3,912 | 2,374 | 4.5 | 5,931 | 205,639 | 3.5 |
| | 2005(F) | 4,000 | 2,100 | 5.5 | 6,200 | 219,000 | 3.2 |
| | 2006(F) | 3,870 | 2,000 | 6.0 | 6,150 | 230,000 | 3.0 |
| St. Catharines-Niagara | 2004 | 1,781 | 1,292 | 6.9 | 6,723 | 170,425 | 2.6 |
| | 2005(F) | 1,470 | 1,050 | 7.5 | 6,550 | 184,000 | 2.2 |
| | 2006(F) | 1,480 | 1,000 | 4.5 | 6,300 | 194,000 | 2.0 |
| Hamilton | 2004 | 4,093 | 1,995 | 5.4 | 13,176 | 215,922 | 3.4 |
| | 2005(F) | 3,500 | 1,700 | 6.0 | 12,800 | 231,000 | 3.2 |
| | 2006(F) | 3,180 | 1,650 | 6.4 | 12,500 | 244,000 | 3.0 |
| Toronto | 2004 | 42,115 | 19,076 | 5.9 | 84,854 | 315,266 | 4.3 |
| | 2005(F) | 41,000 | 15,500 | 4.5 | 84,000 | 341,000 | 5.0 |
| | 2006(F) | 38,600 | 13,000 | 4.3 | 83,000 | 356,000 | 5.5 |

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate Structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Oshawa* | 2004 | 3,153 | 2,356 | na | 9,816 | 237,084 | 3.4 |
| | 2005(F) | 2,320 | 2,000 | na | 9,000 | 255,000 | 3.2 |
| | 2006(F) | 2,120 | 1,700 | na | 8,500 | 265,000 | 3.0 |
| Kingston | 2004 | 872 | 701 | na | 3,764 | 175,248 | 2.4 |
| | 2005(F) | 850 | 650 | na | 3,600 | 195,000 | 2.6 |
| | 2006(F) | 900 | 670 | na | 3,500 | 204,500 | 2.4 |
| Ottawa | 2004 | 7,243 | 3,245 | 6.6 | 13,457 | 238,152 | 3.9 |
| | 2005(F) | 5,050 | 2,300 | 5.5 | 12,600 | 248,600 | 3.5 |
| | 2006(F) | 4,600 | 2,100 | 5.0 | 12,400 | 256,100 | 3.0 |
| Gatineau | 2004 | 3,227 | 1,561 | 3.8 | 3,930 | 155,099 | 2.1 |
| | 2005(F) | 2,300 | 1,300 | 3.0 | 3,700 | 165,000 | 2.5 |
| | 2006(F) | 2,300 | 1,200 | 2.5 | 3,500 | 172,000 | 3.0 |
| Montréal | 2004 | 28,673 | 10,578 | 6.4 | 36,022 | 211,645 | 1.5 |
| | 2005(F) | 24,000 | 8,500 | 6.1 | 35,500 | 227,000 | 2.7 |
| | 2006(F) | 20,000 | 7,300 | 5.5 | 34,000 | 235,000 | 3.2 |
| Trois-Rivières | 2004 | 874 | 384 | na | 816 | 102,021 | 1.2 |
| | 2005(F) | 700 | 360 | na | 800 | 111,000 | 1.6 |
| | 2006(F) | 610 | 300 | na | 775 | 114,500 | 1.9 |
| Sherbrooke | 2004 | 1,355 | 521 | na | 1,264 | 133,700 | 0.9 |
| | 2005(F) | 1,000 | 600 | na | 1,300 | 149,700 | 1.4 |
| | 2006(F) | 820 | 550 | na | 1,350 | 157,200 | 1.2 |
| Québec | 2004 | 6,186 | 2,704 | 5.7 | 6,257 | 139,786 | 1.1 |
| | 2005(F) | 5,800 | 2,650 | 4.0 | 6,800 | 149,000 | 1.5 |
| | 2006(F) | 4,800 | 2,400 | 3.0 | 6,900 | 154,000 | 1.8 |
| Saguenay | 2004 | 347 | 244 | na | 1,077 | 100,000 | 5.2 |
| | 2005(F) | 395 | 260 | na | 1,150 | 110,000 | 5.4 |
| | 2006(F) | 410 | 240 | na | 1,100 | 117,000 | 5.5 |
| Saint John | 2004 | 516 | 387 | 2.0 | 1,612 | 117,000 | 5.8 |
| | 2005(F) | 530 | 410 | 4.0 | 1,650 | 120,000 | 5.5 |
| | 2006(F) | 550 | 390 | 2.5 | 1,650 | 122,000 | 5.0 |
| Halifax | 2004 | 2,627 | 1,510 | 2.1 | 5,516 | 175,132 | 2.9 |
| | 2005(F) | 2,600 | 1,175 | 1.8 | 5,500 | 190,000 | 2.9 |
| | 2006(F) | 2,400 | 1,000 | 2.2 | 5,400 | 195,000 | 2.5 |
| St. John's | 2004 | 1,834 | 1,275 | 5.0 | 3,203 | 132,993 | 3.1 |
| | 2005(F) | 1,450 | 1,050 | 6.0 | 3,000 | 138,000 | 4.0 |
| | 2006(F) | 1,400 | 975 | 3.0 | 2,900 | 140,000 | 4.5 |
| Charlottetown | 2004 | 490 | 331 | 3.5 | 521 | 139,988 | 4.5 |
| | 2005(F) | 475 | 325 | 3.5 | 500 | 142,500 | 4.0 |
| | 2006(F) | 425 | 300 | 3.0 | 500 | 145,000 | 3.8 |
| ALL METRO AREAS | 2004 | 169,019 | 80,370 | 4.8 | 327,071 | | 2.7 |
| | 2005(F) | 155,780 | 70,260 | 4.9 | 324,380 | | 3.2 |
| | 2006(F) | 143,535 | 63,815 | 4.6 | 317,713 | | 3.5 |

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005

MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.

*MLS® numbers reflect all of Durham Region

n.a.: data not available

# Major Housing Indicators
## Seasonally Adjusted Annual Rates
## (levels and quarterly percent change)

| | 03:Q3 | 03:Q4 | 04:Q1 | 04:Q2 | 04:Q3 | 04:Q4 | 05:Q1 | 05:Q2 |
|---|---|---|---|---|---|---|---|---|
| **New housing** | | | | | | | | |
| Building permits, units, thousands | 227.7 | 233.1 | 234.7 | 250.2 | 241.0 | 239.8 | 231.3 | n.a. |
| % | 6.2 | 2.4 | 0.7 | 6.6 | -3.7 | 0.5 | -3.6 | n.a. |
| Housing starts, total, thousands | 228.0 | 225.6 | 224.0 | 232.4 | 236.3 | 236.9 | 213.3 | 235.4 |
| % | 12.3 | -1.1 | -0.7 | 3.8 | 1.7 | 0.3 | -10.0 | 10.4 |
| Housing starts, singles, thousands | 123.9 | 127.5 | 128.4 | 125.8 | 133.3 | 129.3 | 117.9 | 126.8 |
| % | 3.7 | 2.9 | 0.7 | -2.0 | 6.0 | -3.0 | -8.8 | 7.5 |
| Housing starts, multiples, thousands | 104.1 | 98.1 | 95.6 | 106.6 | 103.0 | 107.6 | 95.4 | 108.6 |
| % | 24.5 | -5.8 | -2.5 | 11.5 | -3.4 | 4.5 | -11.3 | 13.8 |
| Housing completions, total, thousands | 55.7 | 55.0 | 45.3 | 48.6 | 61.6 | 60.0 | 47.1 | 57.7 |
| % | 16.4 | -1.2 | -17.6 | 7.4 | 26.7 | -2.6 | -21.6 | 9.9 |
| New house price index, 1997=100 | 117.3 | 119.0 | 120.4 | 122.6 | 124.2 | 125.4 | 126.5 | n.a. |
| % | 1.2 | 1.5 | 1.1 | 1.9 | 1.3 | 1.0 | 0.9 | n.a. |
| **Existing housing** | | | | | | | | |
| MLS® resales, units, thousands | 462.9 | 448.5 | 454.9 | 477.6 | 460.6 | 451.3 | 453.1 | n.a. |
| % | 12.2 | -3.1 | 1.4 | 5.0 | -3.6 | -2.0 | 0.4 | n.a. |
| MLS® average resale price, $C thousands | 210,202 | 215,701 | 219,782 | 226,272 | 225,789 | 233,148 | 238,462 | n.a. |
| % | 4.1 | 2.6 | 1.9 | 3.0 | -0.2 | 3.3 | 2.3 | n.a. |
| **Mortgage market** | | | | | | | | |
| 1-year mortgage rate, per cent* | 4.55 | 4.68 | 4.30 | 4.57 | 4.60 | 4.90 | 4.88 | 4.83 |
| 5-year mortgage rate, per cent* | 6.28 | 6.45 | 5.85 | 6.45 | 6.38 | 6.25 | 6.12 | 5.90 |
| **Residential investment**** | | | | | | | | |
| Total, $1997 billions | 62.7 | 63.9 | 65.3 | 66.3 | 67.4 | 68.2 | 67.9 | n.a. |
| % | 4.3 | 1.9 | 2.1 | 1.6 | 1.7 | 1.2 | -0.4 | n.a. |
| New, $1997 billions | 30.8 | 32.1 | 32.6 | 33.0 | 33.5 | 34.1 | 33.5 | n.a. |
| % | 2.9 | 4.1 | 1.8 | 1.2 | 1.5 | 1.6 | -1.6 | n.a. |
| Alterations, $1997 billions | 22.4 | 22.8 | 23.5 | 23.7 | 24.4 | 25.3 | 25.4 | n.a. |
| % | 1.0 | 1.7 | 3.3 | 0.5 | 3.1 | 3.6 | 0.5 | n.a. |
| Transfer costs, $1997 billions | 9.51 | 9.13 | 9.18 | 9.63 | 9.59 | 9.13 | 9.29 | n.a. |
| % | 15.8 | -4.0 | 0.6 | 4.9 | -0.5 | -4.8 | 1.8 | n.a. |
| Deflator, 1997=100 | 119.4 | 121.2 | 122.7 | 125.8 | 126.4 | 127.2 | 128.5 | n.a. |
| % | 1.4 | 15 | 1.3 | 2.5 | 0.5 | 0.7 | 1.0. | n.a. |

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

# 4TH QUARTER

# 4E TRIMESTRE

Micromedia ProQuest

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel: (416) 362-5211
Toll free: 1-800-387-2689
Fax: (416) 362-6161

# HOUSING MARKET OUTLOOK

Canada

Canada Mortgage and Housing Corporation

www.cmhc.ca

## Housing starts will remain strong

### Fourth Quarter 2005

### Overview

***Housing starts:***

***2005: 223,600***

***2006: 207,200***

***Resales:***

***2005: 476,000***

***2006: 453,700***

**Housing starts:** After posting a 17-year high in 2004, residential construction activity will slip 4.2 percent to 223,600 starts in 2005. Starts will remain strong in 2006 at 207,200 units, their fifth consecutive year over the 200,000 level.

**Resales:** Sales of existing homes will establish a new record of 476,000 units in 2005, then dip to 453,700 units in 2006.

**Resale prices:** After posting its strongest increase in 16 years, house price growth in 2006 will moderate to 4.9 per cent as markets become more balanced.

### Provincial SPOTLIGHT

**British Columbia:** After five consecutive years of increases, the new home market will moderate slightly in 2006. High demand for homes will continue to be supported by strong migration, economic growth and job creation. Resale activity will decline from 2005's record level as mortgage rates gradually rise in 2006. (Details on Page 8)

**Alberta:** High energy prices will translate into solid prospects for Alberta's housing market. The resale market will post a record high level of sales activity in 2005 while 2006 will represent the second highest level ever. Single-detached starts will post their second best performance in history in 2005, then ease slightly in 2006. (Details on Page 9)


3 **NATIONAL OUTLOOK**

4 **TRENDS IMPACTING HOUSING**

6 **SPECIAL REPORT: Will continued strong growth in house prices in 2006 be sustainable?**

8 **PROVINCIAL REPORTS**

8 British Columbia
9 Alberta
10 Saskatchewan
11 Manitoba
12 Ontario
13 Quebec
14 New Brunswick
15 Nova Scotia
16 Prince Edward Island
17 Newfoundland and Labrador

18 **FORECAST TABLES**


**CMHC Housing Market Outlook Canada** is your national sales, marketing, and business planning tool.

**Get this publication 2 to 3 weeks earlier! Switch your current hardcopy subscription to e-mailed PDF. Contact CMHC at (613) 748-2006 or email us at Market Analysis Centre@cmhc-schl.gc.ca**

Canada

CMHC SCHL
HOME TO CANADIANS

# CMHC — HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

Canadians benefit from our work with all levels of government, public, private and not-for-profit partners to improve the quality, accessibility and affordability of rental housing everywhere in Canada.

CMHC assistance helps low-income and older Canadians, people with disabilities and Aboriginals live in decent, affordable homes. We create jobs for Canadians with products and services that help the housing industry export its knowledge and skills to other countries.

CMHC's leading-edge research improves the quality and affordability of housing. To help Canadians benefit from our housing expertise and make informed decisions, CMHC has become Canada's largest publisher of housing information. We also have Canada's most comprehensive selection of information about homes and housing. Canadians can easily access our information through retail outlets and CMHC's regional offices.

## Information and Subscriptions

Subscribe to *CMHC Housing Market Outlook, Canada Edition* in electronic (PDF) format. Each edition is e-mailed directly to you the day of release. No more waiting two to three weeks to get the printed edition!

You can subscribe on-line through the CMHC website at:
www.cmhc-schl.gc.ca/cgi-bin/webc.exe/mktinfo/store/National Market analysis.html#ho

You can also subscribe or enquire about the status of your current electronic subscription by contacting us by e-mail at Market_Analysis_Centre@cmhc-schl.gc.ca, call 1-613-748-2006 or fax 1-613-748-2156.

Annual Subscription ( 4 issues ): $120 + GST
Single issue: $40 + GST

To subscribe to the printed format, call 1-800-668-2642. Outside Canada call 1-613-748-2003 or fax 1-613-748-2016.

The forecast for this issue was completed in October 2005.

The *CMHC Housing Market Outlook, Canada Edition* is your national sales, marketing and planning tool.

The next edition is the First Quarter 2006 and is planned to be released in February.

To learn about other valuable CMHC information products, visit the CMHC home page at www.cmhc.ca.

**MLS®**

The term MLS® stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA).

**© Canada Mortgage and Housing Corporation, 2005.**
All rights reserved. Canada Mortgage and Housing Corporation hereby grants permission to the subscriber to produce one electronic copy and to print one hard copy for the subscriber's personal use only. No part of this publication may be reproduced, modified, or redistributed in any form or by any means, for any purposes (including but not limited to sales) other than those noted above, without the prior written permission of Canada Mortgage and Housing Corporation.

ISSN 1488-6537 Product # 61500-2005-Q04

# National Housing Outlook

## In Detail

New home construction in 2005 and 2006 will remain strong by historical standards. Housing starts this year will fall short of 2004's 17-year high of 233,431 units coming in at 223,600 units in 2005. For 2006, starts will ease for a second year to 207,200 units, making 2006 the fifth consecutive year in which starts exceed the 200,000 unit threshold.

There are a number of factors that will cause housing activity to moderate this year and next. Strong house price growth combined with modest increases in mortgage rates will push up mortgage carrying costs. The rise in mortgage carrying costs will have a larger negative impact on demand among potential first-time buyers, who have not directly benefited from the near double digit price growth since 2002. As the difference between the cost of renting and owning a home continues to widen, home ownership demand among first-time buyers will start to wane.

Increased competition from the existing home market will also impact the pace of new home construction. With the number of new listings on the rise, the existing home market will offer more choice to potential buyers compared to previous years. More choice will result in the state of the existing home market moving toward more of a balanced position which will be accompanied by slowing price growth. As a result, there will be less spillover demand from the existing home market.

Through much of the 1990s, residential construction activity was below the level consistent with long term demographics. The resulting pent-up demand that built up during this period has been eroding since 2001 due to high levels of new home construction activity. The large flow of first-time buyers into the home ownership market has pushed vacancy rates higher in most centres. With rising vacancy rates and limited rent growth, the shelter cost gap between owning and renting has widened, thereby increasing the appeal of renting. Collectively, these forces will cause housing starts to decrease gradually over the next several years.

### Starts of single homes to fall in 2005 and 2006

After peaking in 2004, single detached starts will decline by 8.2 per cent to 118,600 units in 2005, then slip an additional 9.2 per cent to 107,700 units in 2006.

Single starts will move lower in all provinces in 2005 except for the prairies where an increase in activity is forecast. In 2006, single starts will continue to slide across most of the country with the exception of Manitoba where singles will continue to rise and in Saskatchewan where activity will match 2005's performance. For the most part, the gains in Alberta singles in 2005 will be taken back in 2006. The three prairie provinces are the only areas where single detached starts will be higher than in 2004.

The largest percentage declines from 2004 to 2006 will be in Ontario (25.4 per cent), Quebec (25.2 per cent), Newfoundland (23.7 per cent), and New Brunswick (19.2 per cent). Over this same two year period, single detached starts for all of Canada will fall by 16.6 per cent.

### Multi-family home starts to remain strong

Multi-family starts, which include apartment, semi detached and town houses, will remain at a high level as starts rise by 0.7 per cent to 105,000 units in 2005 then fall by 5.2 per cent to 99,500 units in 2006. Despite the slight decline, multiple starts will be roughly double the annual levels observed between 1995 and 1998.

The multiple sector's increasing share of total starts is the result of higher mortgage carrying costs which will impact the choices of first-time buyers. In previous years, declining mortgage rates offset part of the rise in home prices. With 2005 marking the fourth consecutive year of strong price growth and with mortgage rates expected to inch higher over the next year, mortgage carrying costs will rise, leading many buyers to consider less expensive forms of home ownership.

Apartment starts, which make up about two-thirds of total multi-family starts, will increase by 2.8 per cent to 69,805 units in 2005 before dipping 5.7 per cent to 65,845 units in 2006. Row construction will slide 1.5 per cent to 21,740 starts in 2005 and fall an additional 4.4 per cent to 20,785 starts in 2006. Semi-detached starts will decrease 6.0 per cent in 2005 and 4.6 per cent in 2006 coming in at 13,445 and 12,820 units respectively.

### MLS® sales to set another record

The existing home market is poised to set a record high number of sales for a fifth consecutive year. MLS® sales are forecast to climb 3.3 per cent to 476,000 units in 2005 before easing back 4.7 per cent to 453,700 units in 2006 (the third strongest showing on record). Four consecutive years of strong price growth combined with rising mortgage rates in 2006 will curb demand from its current record setting pace. An increasing number of new listings will give existing home buyers more choice, moving the existing home market toward more balanced conditions.

The largest increases in 2005 MLS® sales will be seen in Alberta (12.3 per cent), New Brunswick (9.6 per cent) and in British Columbia (7.9 per cent). For 2006, Manitoba and Saskatchewan are the only provinces in which existing home sales will move higher.

### Double digit gains for MLS® price in 2005

The average price for an existing home will increase at a double digit pace in 2005 for the first time since 1989 when the general rate of inflation was substantially higher. Moderating sales activity and an increase in the number of new listings will result in fewer price pressures in 2006 as the resale market moves toward more balanced conditions. Thus the average MLS® price will advance by 10.2 per cent to reach $249,400 in 2005 and by 4.9 per cent to $261,500 in 2006.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends Impacting Housing

### The Economy

Real gross domestic product (GDP) growth accelerated to 3.2 per cent in the second quarter, up from 2.1 per cent in the first quarter of 2005. As expected, personal expenditures on durable and semi-durable goods supported second quarter growth as did a rebound in the housing market and business investment in plant and equipment. However, the trade sector also boosted growth as exports edged higher while imports fell. Business investment in inventories continued to act as a drag on real GDP growth, although to a lesser extent than in the first quarter.

At 86.7 per cent, the industrial capacity utilization rate in the second quarter moved to a four and a half year high. Manufacturing, which accounts for over half of the industrial sector, saw its utilization rate decline slightly to 86.7 per cent from the previous quarter's record high. All other industrial sectors registered capacity utilization rate increases. Therefore, capacity utilization rates suggest that there is little excess capacity in the Canadian economy. Another measure of excess capacity, the output gap, is estimated to have closed in the second quarter, which supports our view that the Canadian economy is operating close to its potential. Because of this, inflationary pressures could start to build over the next couple of years.

The impact of hurricane Katrina on the Canadian economy will be limited. High energy prices will curtail consumers' discretionary spending in the very near term. However, the spike in energy prices will be short-lived. Indeed, fuel prices are almost back to the pre-Katrina levels. Economic growth will remain strong with real GDP averaging 2.9 per cent in 2005 and 3.0 per cent in 2006

### Mortgage Rates

The Bank of Canada raised its target for the overnight rate by one-quarter of one percentage point on September 7th, thereby increasing the target for the overnight lending rate to 2.75 per cent. Despite the rise in short-term rates, monetary conditions remain stimulative. Therefore, given that the economy is operating very close to its capacity, short-term interest rates will continue to rise in 2005 and 2006.

Mortgage rates will remain low in 2005 and rise moderately in 2006. Tame inflation, and a strong Canadian dollar vis-à-vis the U.S. dollar will restrain the size and speed of Canadian interest and mortgage rate increases in 2005 and 2006.

Short-term mortgage rates are expected to be 25-35 basis points higher in 2005 than in 2004 while longer-term rates will be lower by a similar amount in 2005 compared to the previous year. While still low by historical norms, mortgage rates are expected to rise gradually by 25 - 50 basis points in 2006. One, three and five-year mortgage rates are forecast to be in the 4.50-5.75, 5.25-6.25, and 5.50-6.50 per cent ranges respectively in 2005-06.

### Migration

Immigration into Canada is set to come in at the higher end of the target range (between 220,000 and 245,000 new permanent residents per year) in 2005 and 2006. Net migration, which nets out people leaving Canada for other international destinations, will increase by nearly 11.1 per cent to over 215,000 people in 2005 and a further increase of 5.2 per cent to 226,000 people net migrants in 2006. The rising level of net migration will continue to support housing demand with the majority of recently arrived immigrants initially settling in rental accommodations, however over time an increasing share of migrants move into home ownership.

### Employment and Income

With the Canadian economy close to full capacity and full employment, job growth will be increasingly constrained by population growth over the coming years. Employment is set to expand 1.3 per cent in 2006, down marginally from the 2005 growth rate of 1.4 per cent. Smaller increases in the labour force will result in the unemployment rate sliding for a fourth consecutive year to 6.7 percent in 2006 from 6.8 per cent in 2005.

British Columbia will lead the rest of Canada with 3.1 per cent employment growth in 2005 and 2.0 per cent growth in 2006. At the other end of the spectrum, Newfoundland will be the only province to post job losses in 2005 and will have the slowest growth (0.2 per cent) in 2006. At 3.6 per cent, Alberta will maintain its distinction of having the lowest unemployment rate in 2006.

### Consumer Confidence

The Conference Board of Canada's Consumer Confidence Index fell 5.6 points to its lowest level of the year (118.3) in August. Despite the decrease, the index remains at a high level, reflecting sanguine consumer sentiment. Consumers' attitudes toward big ticket purchases such as homes and cars fell 6.0 percentage points with 54.4 per cent believing that it is a good time to buy.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Trends at a Glance

## Key factors and their Effects on Residential Construction

| Factor | Comment |
|---|---|
| Mortgage Rates | Mortgage rates will edge higher in 2006, but remain low in historical terms. With mortgage rates rising, they will no longer provide an off-set to rising house prices on mortgage carrying costs. These higher mortgage carrying costs will dampen housing demand. |
| Employment | As the economy approaches full employment, future job growth will be constrained by population growth. Employment will continue to stimulate housing demand, but to a lesser degree than in previous years. |
| Income | Continued strong growth in income will help to partially offset higher mortgage carrying costs. |
| Net Migration | Net migration is forecast to rise in 2005 and 2006 as international immigration approaches the higher end of the target range. Toronto, Vancouver and Montreal will see a boost in international immigration as the majority of immigrants settle in these centres. Typically, newly landed immigrants rent at first, but gradually move into home ownership as time passes. |
| Natural Population Increase | Canada's aging population will result in fewer people in their child bearing years and a slower birth rate. The increase in the natural population (births - deaths) will continue to slow in the years ahead thereby lessening the demand for housing. |
| Consumer Confidence | Consumer confidence, as measured by the Conference Board of Canada, edged lower in August, but remains fairly strong with the majority of consumers still believing that it is a good time to buy big ticket items. Favourable economic conditions are expected to prevail into 2006, thereby keeping consumer confidence strong. |
| Resale Market | For a fifth consecutive year, the existing home market will post a record high number of sales in 2005. At the same time, the average price increase will break into double digit territory for the first time since 1989. Moderating sales activity and an increase in the number of new listings will result in fewer price pressures in 2006 as the resale market moves toward more balanced conditions. |
| Vacancy Rates | Stagnant rental demand combined with a modest number of new rental starts will result in a higher vacancy rates across Canada's metropolitan centres. |

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# Special Report: Will continued strong growth in house prices in 2006 be sustainable?

Strong demand for housing has caused prices to rise rapidly in recent years and has led to some speculation that a real estate bubble might be inflating. However, the rise in house prices is grounded in solid economic fundamentals, and Canadians' ability to pay is keeping up with the rise in mortgage carrying costs.

The housing market is still hot in many centres across Canada and continues to be an important driver of economic growth. Sales of existing homes will reach record levels this year and housing starts will post the second highest level since 1988. Strong demand for housing has caused prices to rise rapidly in recent years, thus bringing to mind the late 1980s and the notion that a real estate bubble might be inflating.

A bubble occurs when an asset experiences price increases well in excess of historical norms for a sustained period of time. These price increases draw investors into the market who buy the asset based mainly on the speculation that they can sell it in the future at a higher price to someone who will buy it for the same reason.

Inflation adjusted house prices reached an all-time high in 2004, surpassing the previous peak, reached in 1989, by about 10 per cent. Until now, however, decreases in mortgage rates have kept mortgage carrying costs low in relation to income. Furthermore, the rise in house prices has reflected strong demand. Therefore, we see no evidence of a real estate bubble at the current time. However, as we look ahead, strong upward pressure on house prices will persist in 2005 and 2006. Will these higher prices be sustainable, or will they contribute to the inflation of a speculative bubble that will eventually burst?

### *Growth in house prices is pulling ahead of income growth*

One approach to evaluating the sustainability of rising house prices is to compare the rise in house prices to growth in income over an extended period of time. In a previous study released by CMHC[1], we showed that, over the 1997 to 2002 period, average annual growth in real after tax household income was stronger than growth in inflation adjusted house prices and, therefore, that Canadians' ability to pay was keeping up with the rise in house prices.

Updating this analysis to include data for 2003 and 2004 (see Table 1), we find that continued strong growth in house prices has caused a mild reversal in this result. Growth in real home prices in Canada has averaged slightly over 3.4 per cent per year between 1997 and 2004 which is 1.1 percentage points stronger than the average annual growth in real disposable income of about 2.3 per cent over this same period.

We can also compare house price growth to income growth in different centres across the country to identify if any of Canada's real estate markets are in danger of overheating.

In our previous report, which analyzed the 1997 to 2002 period, we found that real after-tax income growth

**Table 1: Income and house price growth for some of Canada's major centres - 1997-2004**

| | Average annual growth rates 1997-2002 | | | Average annual growth rates 1997-2004 | | | 2004 |
|---|---|---|---|---|---|---|---|
| | Real MLS Price | Real after-tax income | Difference (income-price) | Real MLS Price | Real after-tax income | Difference (income-price) | Mortgage Payment to Income Ratio |
| Calgary | 4.3 | 2.8 | -1.5 | 3.8 | 1.5 | -2.3 | 24.6 |
| Halifax | 4.0 | 0.5 | -3.5 | 4.2 | 1.0 | -3.2 | 23.9 |
| Toronto | 3.9 | 3.1 | -0.8 | 3.8 | 3.3 | -0.5 | 29.3 |
| Montreal | 3.4 | 3.6 | 0.2 | 5.5 | 3.2 | -2.3 | 24.3 |
| Edmonton | 3.4 | 1.1 | -2.3 | 3.9 | 2.3 | -1.6 | 21.4 |
| Ottawa-Gatineau | 3.0 | 5.2 | 2.2 | 4.1 | 3.7 | -0.4 | 24.7 |
| Quebec | 1.4 | 1.8 | 0.4 | 3.5 | 1.4 | -2.1 | 16.8 |
| Victoria | 1.0 | 3.9 | 2.9 | 4.1 | 2.0 | -2.1 | 42.7 |
| Winnipeg | 0.1 | 2.0 | 1.9 | 2.5 | 1.9 | -0.6 | 15.6 |
| Vancouver | -0.6 | 2.9 | 3.5 | 1.9 | 2.3 | 0.4 | 42.5 |
| Canada | 1.9 | 2.6 | 0.7 | 3.4 | 2.3 | -1.1 | 28.6 |

Sources: CMHC, Statistics Canada (Survey of Labour and Income Data), Canadian Real Estate Association

[1] Housing Facts, November 2004, "Is there a real estate price bubble in Canada?"

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

**continued on page 7....**

kept up with or surpassed inflation adjusted growth in house prices for most centres. However, similar to Canada, this situation is beginning to change when information for 2003 and 2004 is considered (see Table 1).

In all centres, with the exception of Vancouver, we find that real house prices have risen more rapidly than real after-tax household income over the 1997 to 2004 period. Among Canada's large CMAs, the largest gaps between house price and income growth were observed in Halifax (3.2 percentage points), Calgary (2.3 percentage points), Montreal (2.1 percentage points), Quebec (2.3 percentage points), and Victoria (2.1 percentage points). In the remaining centres, the gap between growth in house prices and income were not significant.

Does the fact that growth in house prices has edged ahead of income growth in recent years imply that the housing market is venturing into unsustainable territory? The trends in income and house price growth, by themselves, are not sufficient to reach a conclusion. We also need to consider the burden that higher house prices are putting on household budgets.

In recent years, very low mortgage rates have mostly offset the impact of rising house prices on mortgage carrying costs. More importantly, mortgage debt service costs are currently very low in relation to income (see graph 1). To measure this, we calculate the mortgage payment in each period on a home purchased at the average MLS® price using the prevailing 5-year posted mortgage rate. This payment is then divided by the average personal disposable income per worker, which yields the mortgage debt service cost to income ratio.

The mortgage payment to income ratio is edging up, but remains well below the peak levels experienced in the late 1980s. Indeed, the annual mortgage payment to income ratio has dropped from over 41 per cent in 1989 to just under 30 per cent in the second quarter of 2005.

### *Given our forecast for rising house prices and interest rates, will the mortgage payment to income ratio become unsustainably high?*

With house prices forecast to rise by 10.2 per cent in 2005 and by 4.9 per cent in 2006 and mortgage rates expected to edge higher in 2006, mortgage debt service costs will edge higher between now and the end next year. Nevertheless, the mortgage payment to income ratio will remain low, rising to about 32 per cent in 2006. At current house prices and after-tax income levels, the 5-year mortgage rate would have to climb to nearly 11 per cent, nearly double the current mortgage rate, to push the mortgage payment to income ratio back up to the level that prevailed in 1989.

Regardless of the quicker growth in prices, the mortgage payment to average income ratios across the large centres remain relatively low, with the majority falling near or below the Canadian average for 2004. In other words, low mortgage rates combined with moderate to strong income growth have kept finance costs down in spite of the rapid increase in house prices. Furthermore, growth in house prices is forecast to slow in 2006, which will help stabilize the mortgage debt service cost to income ratio.

**Mortgage payment to income ratio**

Sources: CMHC, Statistics Canada

### *No sign of housing bubble in Canada*

Rising house prices in Canada are being supported by strong demand for housing. Even though house price growth is beginning to outstrip income growth, low mortgage rates have kept the burden that higher prices place on household budgets in check. Looking ahead, as growth in house prices slows in 2006, mortgage debt service costs as a share of income will stabilize. Therefore, at present there is no evidence of a bubble in the Canadian housing market. Furthermore, the continued rise in house prices in 2005 and 2006 is sustainable and will not overburden the budget of Canadian households.

**Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca**

# British Columbia

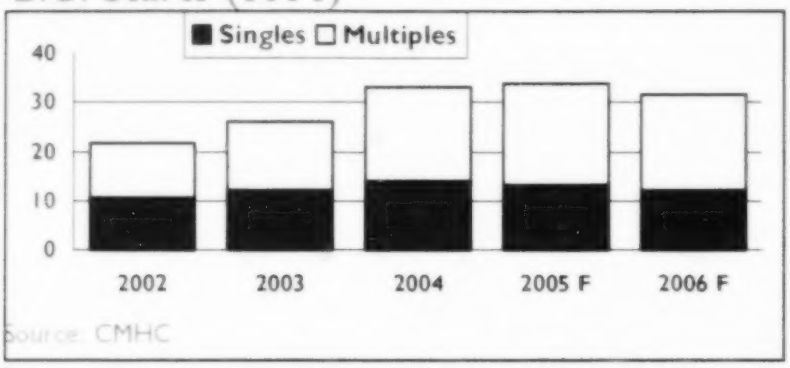
## Overview

**Moderation in housing markets in 2006**

Housing starts in British Columbia will record a fifth consecutive year of increase in 2005, rising by 2.1 per cent. However, the run-up in new home construction is nearing an end. Both starts and existing home sales are expected to moderate in 2006 but will remain well above their 20-year averages. Pent-up demand will play a lesser role compared to the earlier phases of the current upswing. As well, net interprovincial migration levels, while trending higher, will not be sufficient to push starts higher in 2006.

Growth in British Columbia's economy will exceed the average for Canada during 2005 and 2006. Investment in the residential and non-residential sectors, as well as consumer spending, will be the key drivers. High oil prices, as well as China's demand for coal, will continue to positively influence the economies in the northeast and southeast regions of the province. Forest product prices have come off their recent peak and are generally expected to moderate further in 2006. However, in the near term, rebuilding efforts in the wake of hurricane Katrina in the southern US will put upward pressure on prices for lumber and oriented strand board. Overall, real GDP will grow by 3.5 per cent in 2005 and 3.3 per cent in 2006.

B.C. Starts (000's)




Source: CMHC

The expanding economy will improve the province's labour market conditions. In 2006, the unemployment rate will average 6.1 per cent, compared to 6.7 per cent for Canada. With employment growth in BC projected to outpace Alberta and Ontario, the draw of job opportunities will result in net interprovincial migration continuing its upward trend. Combined with an increasing number of people moving in from other countries, the province's population growth will reach 1.2 per cent in 2005 and 2006, above the Canadian growth rate.

While the factors driving housing demand remain, the challenge for the housing sector lies on the supply side. The number of units under construction in areas with populations of 50,000 or more, topped 24,000 units during the second quarter of 2005, above the previous peak of 22,000 units in late 1994. The industry will face a number of hurdles to maintain this high level of construction. A limited supply of developable land in urban areas, rising land and material costs, bottlenecks in the approval process due to high volumes and a shortage of skilled trades will contribute to fewer homes being built this year in the Vancouver CMA.

Resale activity will decline from the record level projected for 2005 as mortgage rates gradually rise in 2006. Housing starts will total 33,600 units this year and moderate to 31,600 in 2006.

## In Detail

A 6.4 per cent decline is projected in 2005 with a further 7.2 per cent reduction in 2006 to 12,200 units. High and rising house prices, limited land supply and changing consumer preferences are factors contributing to this trend.

Multiple-unit starts will remain at high levels and will be built in various locations around the province as homeowners explore alternatives to single-detached homes. The shift will be driven by relatively high average single-detached prices but also by lifestyle choice and mobility options in the various centres.

Resale activity is forecast to reach 104,000 homes in 2005, a 7.9 per cent increase from 2004 and the highest level on record. Resale activity will remain above the long-term average in 2006 as well. Most markets in British Columbia will continue to favour sellers through the next year.

The average existing home price in British Columbia is expected to reach $350,000 in 2006 compared to $261,500 in Canada. Ongoing demand for housing will drive resale and new prices higher but the pace of increase will slow as new listings increase.

## Provincial Highlight

**Is the market overvalued?**

Growth in real MLS® home prices in British Columbia averaged 4.8 per cent between 2000 and 2004, while real after-tax income increased at an average annual rate of 1.9 per cent. While inflation-adjusted prices are rising faster than inflation-adjusted after-tax incomes, the disparity during the current up-cycle is small compared to past upswings. During the 1986 to 1989 housing expansion, real MLS® prices grew at a 13.5 per cent annual rate compared to a 0.6 per cent annual increase in real after-tax income. In 1990, real house prices fell by 1.3 per cent, a modest correction. The real price growth of the current up-cycle is more in line with real income growth than experienced in the past. While house prices are rising in British Columbia, this indicator suggests there is no real estate bubble.

Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca

# British Columbia

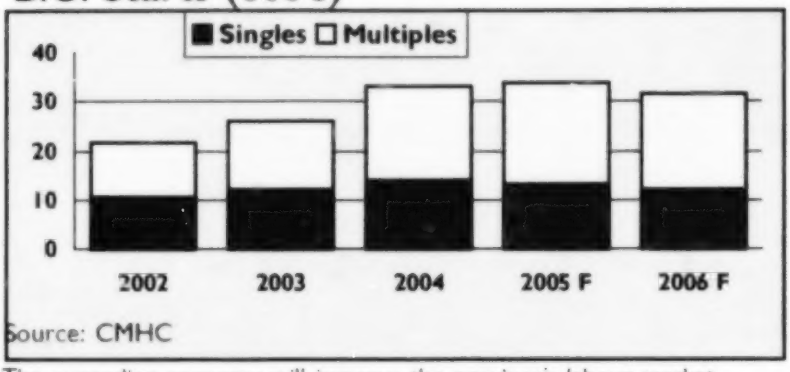
## Overview

**Moderation in housing markets in 2006**

Housing starts in British Columbia will record a fifth consecutive year of increase in 2005 rising by 2.1 per cent. However, the run-up in new home construction is nearing an end. Both starts and existing home sales are expected to moderate in 2006 but will remain well above their 20-year averages. Pent-up demand will play a lesser role compared to the earlier phases of the current upswing. As well, net interprovincial migration levels, while trending higher, will not be sufficient to push starts higher in 2006.

Growth in British Columbia's economy will exceed the average for Canada during 2005 and 2006. Investment in the residential and non-residential sectors, as well as consumer spending, will be the key drivers. High oil prices, as well as China's demand for coal, will continue to positively influence the economies in the northeast and southeast regions of the province. Forest product prices have come off their recent peak and are generally expected to moderate further in 2006. However, in the near term, rebuilding efforts in the wake of hurricane Katrina in the southern US will put upward pressure on prices for lumber and oriented strand board. Overall, real GDP will grow by 3.5 per cent in 2005 and 3.3 per cent in 2006.

## B.C. Starts (000's)




Source: CMHC

The expanding economy will improve the province's labour market conditions. In 2006, the unemployment rate will average 6.1 per cent compared to 6.7 per cent for Canada. With employment growth in BC projected to outpace Alberta and Ontario, the draw of job opportunities will result in net interprovincial migration continuing its upward trend. Combined with an increasing number of people moving in from other countries, the province's population growth will reach 1.2 per cent in 2005 and 2006, above the Canadian growth rate.

While the factors driving housing demand remain, the challenge for the housing sector lies on the supply side. The number of units under construction in areas with populations of 50,000 or more, topped 24,000 units during the second quarter of 2005, above the previous peak of 22,000 units in late 1994. The industry will face a number of hurdles to maintain the high level of construction. A limited supply of developable land in urban areas, rising land and material costs, bottlenecks in the approval process due to high volumes and a shortage of skilled trades will contribute to fewer homes being built this year in the Vancouver CMA.

Resale activity will decline from the record level projected for 2005 as mortgage rates gradually rise in 2006. Housing starts will total 33,600 units this year and moderate to 31,600 in 2006.

## In Detail

Single Starts: A 6.4 per cent decline is projected in 2005 with a further 7.2 per cent reduction in 2006 to 12,200 units. High and rising house prices, limited land supply and changing consumer preferences are factors contributing to this trend.

Multiple Starts: Multiple-unit starts will remain at high levels and will be built in various locations around the province as homeowners explore alternatives to single-detached homes. The shift will be driven by relatively high average single-detached prices but also by lifestyle choice and mobility options in the various centres.

Resales: Resale activity is forecast to reach 104,000 homes in 2005, a 7.9 per cent increase from 2004 and the highest level on record. Resale activity will remain above the long-term average in 2006 as well. Most markets in British Columbia will continue to favour sellers through the next year.

Prices: The average existing home price in British Columbia is expected to reach $350,000 in 2006 compared to $261,500 in Canada. Ongoing demand for housing will drive resale and new prices higher but the pace of increase will slow as new listings increase.

## Provincial Highlight

**Is the market overvalued?**

**Growth in real MLS® home prices in British Columbia averaged 4.8 per cent between 2000 and 2004, while real after-tax income increased at an average annual rate of 1.9 per cent. While inflation-adjusted prices are rising faster than inflation-adjusted after-tax incomes, the disparity during the current up-cycle is small compared to past upswings. During the 1986 to 1989 housing expansion, real MLS® prices grew at a 13.5 per cent annual rate compared to a 0.6 per cent annual increase in real after-tax income. In 1990, real house prices fell by 1.3 per cent, a modest correction. The real price growth of the current up-cycle is more in line with real income growth than experienced in the past. While house prices are rising in British Columbia, this indicator suggests there is no real estate bubble.**

**Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca**

# Alberta

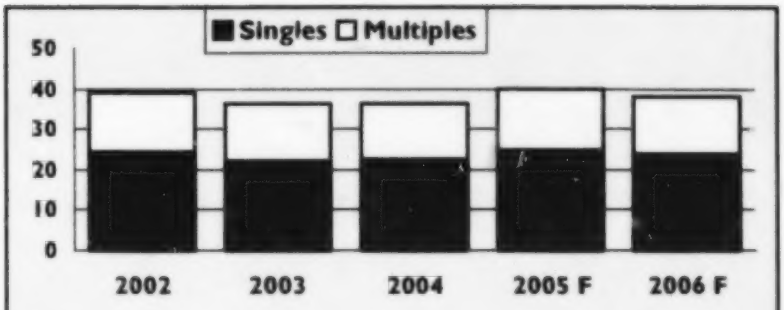
## Overview

**Strong energy market outlook translates into solid prospects for housing starts**

Projections for economic growth in Alberta remain very optimistic because of high oil and natural gas prices. With the world oil price near $70 US per barrel, about $70 billion in oil sands spending is planned in the Wood Buffalo-Athabasca region over the next decade. Investment in the oil sands sector will have spin-off effects throughout the province. Capital expenditures in the Calgary and Edmonton economic regions are each projected to exceed $10 billion over the same period.

Sustained economic growth since the late 1990s has led to solid job creation and pushed the province's unemployment rate to its lowest level since the early 1970s. This situation will remain unchanged in 2006 with Alberta having the lowest unemployment rate among all the provinces. While Edmonton will have one of the lowest unemployment rates among Canadian Census Metropolitan Areas, the unemployment rates in Calgary and other economic regions within Alberta are projected to be even lower than the jobless rate in Edmonton.

## Alberta Starts (000's)




Source: CMHC

Alberta's vibrant job market will continue to be a magnet for workers from other parts of Canada seeking job opportunities. With the addition of international immigrants, the province will gain about 38,250 persons from migration in 2006. About one-third of these migrants are projected to go to Calgary, 20 per cent to Edmonton, and the remainder to other centres in the province.

Gains from net migration will cause Alberta's population to grow by about 1.4 per cent from 2005 to 2006, compared to the Canadian average of about one per cent. This will be a positive for housing demand as population growth boosts household growth. Total housing starts will dip slightly from 40,000 units in 2005 to 38,000 units in 2006. About two-thirds of this activity will take place in the Calgary and Edmonton Census Metropolitan Areas.

## In Detail

Single Starts: At 25,000 units in 2005, single-detached starts will post their second best performance in history. Favourable economic factors will keep demand for single-detached homes at robust levels in 2006. However, activity will ease slightly next year to 24,000 units as the higher cost of new single-detached units moves some buyers to the multi-family condominium market.

Multiple Starts: In 2005, multi-family starts are on pace to exceed 13,000 units for the fourth straight year. Demand for multiples will be strong among first-time home buyers and investors seeking a price point lower than the single-detached market. Going forward, rising inventory numbers in certain centres will curb investor demand. However, continued demand from home buyers means that multi-family starts will only ease slightly from 15,000 units in 2005 to 14,000 units in 2006.

Resales: MLS® sales in 2005 are on pace to reach 64,500 units due to a surge in activity in Calgary and Fort McMurray. Sales levels in 2006 will remain high at 62,000 units as a result of healthy demand in most of the major markets.

Prices: In 2005, Alberta will record the second largest increase (13.0 per cent) in average MLS price among all the provinces. The price increase in 2006 will also be above the national average. The average MLS price is forecast to increase from $220,000 in 2005 to $235,000 in 2006.

## Provincial Highlight

**House prices in Canmore are highest in the province**

Alberta has received much coverage in the media for its high house prices. However, Fort McMurray can not lay claim to having the highest house prices in the province. That distinction belongs to Canmore, a centre known for recreational properties. Through the first eight months of 2005, the resale price in Canmore has averaged about $413,000 compared to about $331,000 for Fort McMurray.

**Contact: Vinay Bhardwaj (403) 515-3004, vbhardwa@cmhc-schl.gc.ca**

# Saskatchewan

## Overview

**Total housing starts to surpass 3,000 units in 2006**

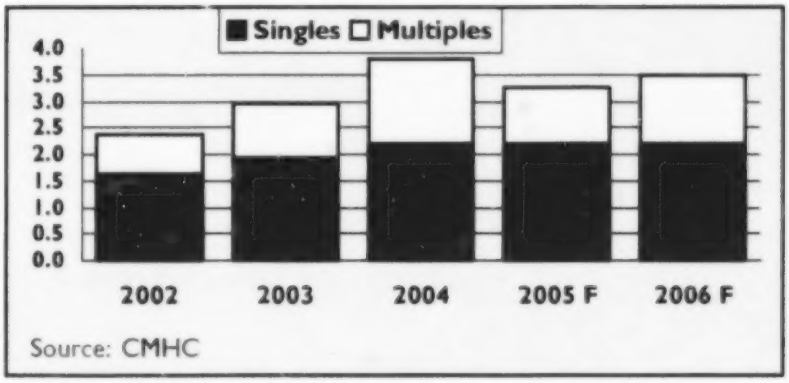
The Saskatchewan economy is forecast to expand by 2.9 per cent in 2005 and 2006 due to the favourable outlook for the world's crude oil, potash and uranium markets. With the world oil price near the $70 US per barrel level, capital spending in the upstream oil sector will remain healthy. Saskatchewan is Canada's second largest producer of crude oil, accounting for about 18 per cent of the annual national production.

The outlook for potash and uranium markets is also quite optimistic. PotashCorp of Saskatchewan, the world's largest producer of potash has announced plans to bring back 1.9 million tonnes of idle capacity at its Lanigan and Allan facilities. The cost of restoring these operations is estimated to be about $US 275 million.

Along with potash, Saskatchewan is also a major producer of uranium, accounting for about nine per cent of the world's known reserves. Worldwide demand for uranium is expected to outpace supply over the next decade. Cogema plans to spend about $450 million over the next two years to increase production at its Cigar Lake project.

Continued economic growth will lead to job creation and push the unemployment rate down to 4.5 per cent in 2006. The strong job market should stem the outflow of workers to other provinces, particularly Alberta. A stronger employment and migration scenario will translate into a positive performance for the resale and new home markets in the province. A key risk to this projection is the belief and attitudes of the younger workers regarding job opportunities in Alberta. A study by the Saskatchewan Chamber of Commerce indicates that young people as early as the age of 12 are often encouraged by family and friends to move to Alberta for job opportunities.

## Saskatchewan Starts (000's)




Source: CMHC

## In Detail

Single starts: Single-family starts throughout most of the province are up slightly compared to 2004. The inventory of completed units remains slim in Regina and Saskatoon as homebuyers are quickly purchasing units that had previously served as show homes. CMHC expects total single-family starts to remain steady at 2,200 units in 2005 and 2006.

Multiple Starts: Two major factors have caused multi-family starts to decline to 1,050 units in 2005. First, land suitable for development of lower-priced row housing popular with young couples was exhausted in 2004. Second, builders have scaled back activity due to elevated numbers of units under construction as well as increased inventories of unsold units. With the rate of absorption now rising, the pace of multi-family starts is expected to pick up to 1,300 units in 2006.

Resales: Existing home sales are on target to achieve the 2005 forecast of 8,500 resales in 2005. With new listings showing an average rise of just over three per cent, total resale activity will climb to 8,800 units in 2006.

Prices: Regina and Saskatoon are seeing increased sales volumes in the higher price categories, helping to drive the average provincial price upward. The average resale price will rise by 10.1 per cent to $122,000 in 2005 and 4.9 per cent in 2006 to reach $128,000.

## Provincial Highlight

**Expenditures on alterations and improvements have improved**

Saskatchewan homeowners and landlords spent more than $720 million on alterations and improvements in 2004, representing a 15 per cent increase over 2003 recorded expenditures. Expenditures on alterations and improvements have grown at a rate of almost 9.5 per cent annually since 1999, so 2004 was a banner year. We expect this frenzied pace to slow in 2005 to just over $700 million as homeowners take a breather.

**Contact: Paul Caton (306) 975-4897, pcaton@cmhc-schl.gc.ca**

# Manitoba

## Overview

**Residential construction underpins economic growth**

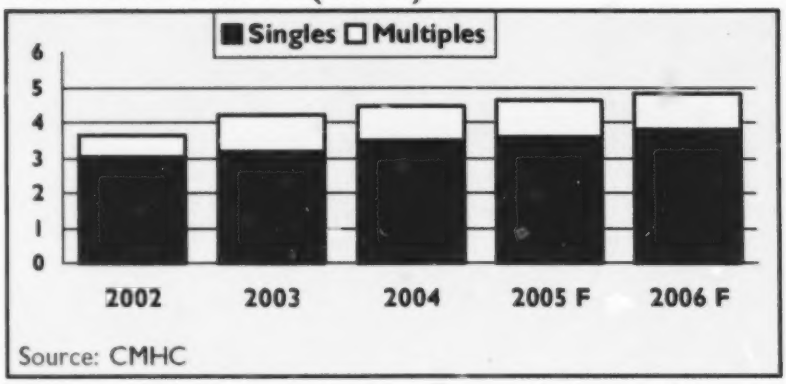
Economic growth in Manitoba next year will track close to the national average. One of the drivers of growth will be consumer spending buoyed by low unemployment (Manitoba has the third lowest unemployment rate among all the provinces) and provincial income tax rate reductions. Another catalyst for growth will be the continuing strong performance of the residential construction sector. Manitoba is one of only two provinces in which housing starts are expected to be higher in 2006 than in 2005.

In 2005, housing starts across Manitoba are forecast to reach 4,600 units, the third consecutive year in which starts have exceeded 4,000 units, the first such occurrence since the 1980s. Starts in 2006 will increase further to 4,800 units. Not surprisingly, this is due to the fact that Manitoba is now experiencing its strongest growth in population in twenty years. This population growth is a result of positive net migration. Since 2002, more people have been moving to Manitoba than leaving.

The rebound in migration is largely due to an increase in international immigration resulting from the success of the Provincial Nominee Program. About three-quarters of the newly arrived immigrants are settling in Winnipeg. Other centres gaining from this inflow are Winkler, Steinbach, Brandon, Morden, Altona, and Arborg.

The continued arrival of new immigrants will help to maintain the level of residential construction in the above mentioned centres. About 60 per cent of the housing starts in 2006 will occur in the Winnipeg Census Metropolitan Area. Nearly 80 per cent of the starts will be single-family homes.

## Manitoba Starts (000's)




Source: CMHC

## In Detail

Single Starts: Single-family starts are expected to post 3,600 units in 2005 and, if planned developments are brought on stream in time for the busy construction season, starts will climb to 3,800 in 2006. The risk to next year's forecast will be in the limited availability of serviced land in Winnipeg which could lead to higher prices and softer demand for homes.

Multiple Starts: Multiple-family construction activity in Manitoba is dominated by the Winnipeg market. Starts will remain strong in this centre as several projects are poised to begin construction. Demand for multiple family dwellings will be fuelled by the strong seniors' market as well as tight conditions in the rental market. Multiple-family starts province-wide are expected to reach 1,000 units both this year and next.

Resales: Sellers' market conditions in Winnipeg have encouraged existing homeowners to list their homes for sale. Given the strong demand for homes, the rise in new listings has resulted in increased sales of existing homes. With listings expected to continue to rise in Winnipeg, provincial MLS sales will reach 12,750 units in 2005 and will rise again to 13,500 units in 2006.

Prices: Homes for sale in the Winnipeg market continue to see multiple offers with more than half selling at or above list price. Increasing listings will not be enough to slow price gains significantly. Therefore MLS prices in Manitoba will grow by 12.4 per cent in 2005 and another 7.5 per cent in 2006.

## Provincial Highlight

**Winnipeg's Inner City seeing turnaround in new housing starts**

Housing starts in Winnipeg's Inner City have seen a remarkable resurgence in 2005. So far this year, construction has begun on 118 housing units within the inner-city survey zones, more than five times the number started in all of 2004 and the highest number of starts in ten years. Condominium projects in the city's historic Exchange District can be credited for much of the increase in multiple-family construction. The increase in single-family construction has been spurred by the Home-Ownership Supply Program of the tri-partite Affordable Housing Initiative, helping to revitalize some of Winnipeg's oldest neighbourhoods.

**Contact: Dianne Himbeault (204) 983-5648, dhimbeau@cmhc-schl.gc.ca**

# Ontario

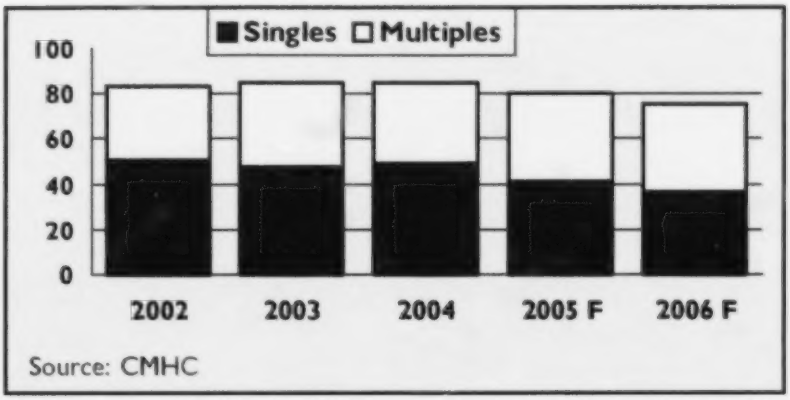
## Overview

**Home ownership demand will decline at a measured pace**

Ontario's housing market peaked in 2004. Both existing home sales and new home starts will gradually move down in 2005. Single-detached home starts will decline the most, restrained by rising materials costs and land constraints. Nevertheless, housing demand is resilient. Multiple-family home starts, reflecting a shift in demand to less expensive housing options, will increase in 2005 and remain high the next year.

Ontario's large manufacturing sector is adjusting to the strong currency and high energy prices. Manufacturing sector employment will stabilize, and investment in machinery and equipment, made more affordable by the strong dollar, will boost productivity growth in 2006. The negative impact of automotive sector restructuring will be partially offset by Toyota's new plant,

## Ontario Starts (000's)




Source: CMHC

the first new assembly plant in Ontario in over a decade. Despite the loss of manufacturing jobs, total employment is up and the gains have been in full-time positions. Earnings growth has improved, providing a base for continued consumer spending. While consumer spending will remain a source of strength for the economy in 2006, investment, particularly in non-residential construction, and foreign trade will make solid contributions to growth.

A resurgence in the number of immigrants landing in Ontario will help to support housing demand, however, this will be partially offset by Western Canada's energy-based economy which will continue to attract migrants from Ontario.

## In Detail

Single Starts: Rising house prices, longer commutes and land constraints are holding down single-detached home construction. With the exception of Sudbury, single-detached home starts will edge lower in all of the larger Ontario urban centres. Single starts will decrease to 41,100 units in 2005 and 36,500 units in 2006.

Multiple Starts: Multiple-family homes will increase to 39,400 in 2005. Competitive prices and public policy are encouraging greater residential intensification, particularly in the Toronto area. However, multiple home starts will decline in 2006 to reach 38,700 units.

Resales: Although remaining high by historical standards, sales through the Multiple Listing Service will decline gradually. MLS sales will reach 195,000 units in 2005 and 188,000 units in 2006.

Prices: The resale home market remains well-entrenched in seller's market territory. However, recent gains in house prices will draw out more listings, easing resale markets to move toward more balanced conditions. The expanding pool of apartments selling on the existing home market will contribute to the slower rate of price increase in 2006.

## Provincial Highlight

**The urban lifestyle is increasing in popularity in Toronto**

Strong growth in multiple family home construction will help boost total housing starts in a few of Ontario's larger urban centres this year. Rising house prices tend to shift demand to less expensive rowhouses and apartments. The jump in rowhouse construction in Kitchener and apartment construction in Toronto are examples of this phenomenon. In Toronto condominium apartment starts will rise 25 per cent this year and at the same time, sales are up 30 per cent, indicating starts will remain high next year too. Demand for properties in Toronto has been strongest in central areas and prices for single-detached houses in central Toronto are rising at a rapid rate. For buyers who wish to live in the central core, a condominium apartment may be their only entry point given the high price of single-detached homes in the same neighbourhood.

Therefore, a consequence of the strong demand for centrally-located properties has been an intensification of residential development. The Toronto Census Metropolitan Area (CMA) includes both built-up and rural areas. In the mid-1990s, only about a quarter of starts in the Toronto CMA occurred within built-up areas. Between 2002 and 2004, the share of starts that occurred in built-up areas increased to 36 per cent, representing a significant rise in intensification of new construction in existing urban areas.

**Contact: Ted Tsiakopoulos (416) 218-3407, ttsiakop@cmhc-schl.gc.ca**

# Quebec

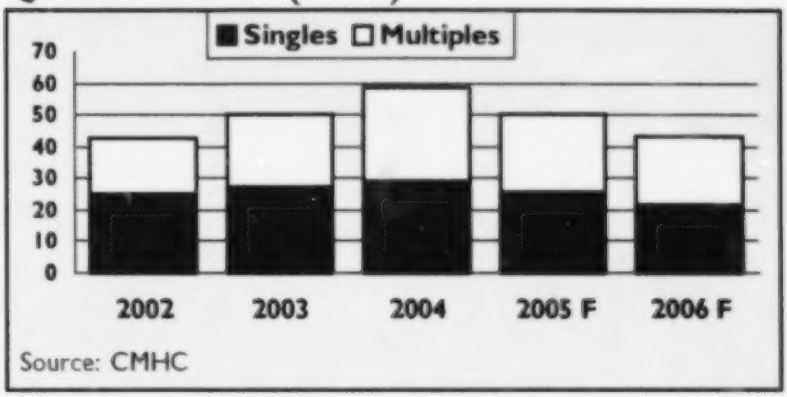
## Overview

**Housing starts will cool in 2006**

Weakening economic conditions and eroding pent-up demand are contributing to the decrease in housing starts in 2005 and will continue to do so in 2006. However, demographic conditions, more specifically, the aging population and strong migration will sustain demand in some market segments and temper the decline in housing starts, which will fall to 50,000 units in 2005 and 43,000 units in 2006.

While Quebec's economy will continue to be fuelled by consumer spending and private sector investment, it shall also face a number of challenges in the coming year. Spending by the provincial government will be a drag on growth as will the export sector which is adjusting to the higher value of the Canadian dollar and high energy costs. These conditions should keep GDP growth stable at 2.5 per cent in 2005 and 2006 and limit employment growth to about 1.1 per cent in each of these years.

## Quebec Starts (000's)




Source: CMHC

The province's evolving demographic landscape will continue to be an important source of housing demand. While the aging of the population increases demand for housing geared toward seniors (condominiums, seniors' residences), net migration - resulting from immigration - is expected to remain robust and thus sustain demand for multi-unit housing. However, given that an increasing number of immigrants are more highly educated and bilingual, inflows from abroad may be increasingly sensitive to relative labour market conditions in the country's three major immigrant cities (Toronto, Montreal, and Vancouver).

## In Detail

Single Starts: The weaker economy will cause demand for single detached housing to decrease. Starts are thus expected to fall to 25,500 units in 2005 and 21,600 units in 2006. The decrease in single starts reflects higher mortgage rates and rising prices which will push mortgage carrying costs higher. Furthermore, rising inventory of existing homes for sale will compete with new singles for buyers.

Multiple Starts: Following a 17.2 per cent drop to 24,500 units in 2005, multi-family home building should decline a further 12.7 per cent to 21,400 units in 2006. However, the demographic conditions will continue to sustain demand for condominiums and seniors residences. Conventional rental construction will drop more significantly given rising vacancy rates.

Resales: Weak job growth and rising mortgage carrying costs will also cool demand for existing homes. MLS sales will edge up to 70,500 units in 2005 and will fall to 67,000 units in 2006.

Prices: As rising listings and lower demand moderate price growth, resale market conditions will continue to move towards balanced territory in 2005 and 2006. As a result, the average MLS price will increase 8.4 per cent to reach $185,000 in 2005 and 4.9 per cent to $194,000 in 2006.

## Provincial Highlight

**Migration flows away from the Island of Montreal**

Over the past five years, there has been a progressive increase in migration away from the Island of Montreal toward some of the Island's adjacent communities. According to the province's statistical agency, the island, which lost just over 1,000 residents during 1998-99, recorded a net loss of close to 15,000 in 2001-02 and over 24,000 in 2003-04. The vast majority of out-migrants moved to the city's adjacent zones (Laval, Lauentians, Lanaudière and Montérégie) and were motivated by lower cost housing, economic development in areas such as the Montérégie, and a preference for retirement out of the city. There has also been strong migration to the intermediate zone (Quebec city, Chaudière Appalaches, Eastern Townships, Centre du Québec, and Gatineau). For the 2003-2004 period, it is estimated that this zone gained over 4,000 residents, coming mostly from northern and eastern Quebec. Migrants are attracted by the relatively strong labour market conditions in these areas. These trends have implications relating to increasing urban sprawl, regional economic development and the aging of the population, and will be the subject of growing attention in the coming years.

**Contact : Kevin Hughes (514) 283-4488, khughes@cmhc-schl.gc.ca**

# New Brunswick

## Overview

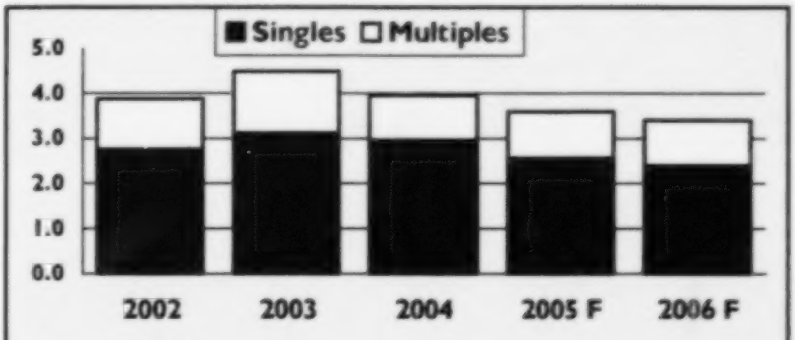
### Economic growth slowing

Economic growth in 2005 and 2006 will fall short of last year's 2.6 per cent rate, but the outlook is upbeat for some sectors. Non-residential investments by both the public and private sectors are expected to be major contributors to growth this year and next. This includes capital spending to twin the remaining portion of the Trans-Canada highway, the planned refurbishment of the Point Lepreau power plant and many projects in the Moncton area.

While the non-residential sector provides some stimulus to the economy, growth will be restrained by a lacklustre performance in other key sectors. Manufacturing, lumber exports and tourism are facing challenges, mostly at the hands of the elevated energy prices and a persistently high Canadian dollar vis-à-vis the U.S. dollar. These unfavourable market conditions have already forced the closure or downsizing of several pulp and paper mills and have caused many would be tourists from out of province to stay close to home. These conditions are expected to persist throughout 2006. As a result, the provincial economy is expected to expand at a moderate pace of 2.2 per cent and 2.4 per cent in 2005 and 2006, respectively. Employment will be flat in 2005 before a modest rebound in 2006 when employment will grow by 0.5 per cent.

As a result of slowing economic and employment growth, residential construction in 2005 will ease from last year's levels but will remain solid in historical terms. Total starts will decline to 3,600 units in 2005, followed by a further 5.6 per cent drop in 2006 to 3,400 units.

## New Brunswick Starts (000's)




Source: CMHC

## In Detail

Single Starts: The construction of single-family homes is expected to gradually decline over the forecast period, although activity will remain above the 10-year average. Single housing starts are expected to reach 2,550 and 2,400 units in 2005 and 2006 respectively.

Multiple Starts: Following weaker construction activity in the province's three largest centres last year, multiple starts are expected to rebound in 2005 reaching 1,050 starts. The increase in multiple starts will be supported by a growth in rental starts, which reflects in part the rising cost of homeownership relative to rental accommodations.

Resales: MLS® sales in New Brunswick for 2005 are expected to surpass last year's brisk pace. MLS® sales will come in at 6,550 units in 2005 and decline slightly to 6,000 units in 2006. Considering the expected rise in mortgage rates and sluggish job gains, this is a sign that the resale market remains vibrant.

Prices: Despite the expected increase in resale demand, resale price growth in 2005 is expected to slow, increasing 6.3 per cent as compared to the 6.7 per cent growth experienced in 2004. The average MLS® price will reach $120,000 this year and grow by a further 3.8 per cent to $124,500 in 2006.

## Provincial Highlight

### Spotlight on downtown Moncton

Moncton is set to see some major development in the downtown core as three large projects are getting set to begin. A new $12 million 125 room hotel, spa and restaurant will be built on the banks of the Petitcodiac River. This project should break ground during the winter and be ready for guests in June 2007. A new $28 million Justice Centre will be built adjacent to the Hotel and ready for operation in 2008. This facility, when complete will be a four storey glass and brick building. It is replacing the current courts which are located in a nearby commercial building. A third project is the new convention centre and parking garage. This $18 million project is slated for the same part of the city and will add much needed meeting space for the downtown area of Moncton.

**Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca**

# Nova Scotia

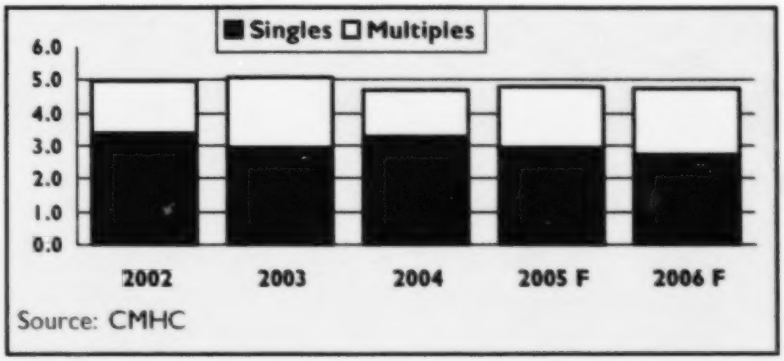
## Overview

### Clouds gather on the forecast horizon

Nova Scotia's housing market is on track this year to surpass 2004's very good performance but a modest decline in activity is expected in 2006. Persistently low mortgage rates and the high employment levels have been instrumental factors supporting the buoyant housing sector this year but the spectre of rising mortgage rates and trepidation about high gasoline and home heating costs are expected to dampen housing demand next year.

While economic growth is expected to accelerate through 2006, growth rates will be weaker than in most other provinces. The pace of employment growth is forecast to decelerate slightly as consumption is restrained by households' nervousness about energy prices. As a result, net migration is forecast to remain below 1,000.

## Nova Scotia Starts (000's)




Source: CMHC

The high Canadian dollar and elevated gasoline prices will continue to challenge the trade, manufacturing, tourism, and transportation industries through 2006. However, construction and health care are expected to be relative bright spots among industry sectors over the next 15 months.

Business climate conditions remain supportive of housing in Nova Scotia this year but clouds are gathering on the forecast horizon in the form of high energy prices and rising mortgage rates. Total housing starts are expected to rise 1.8 per cent to 4,800 units this year before slipping back 1.6 per cent in 2006 to 4,725 units.

## In Detail

Single Starts: A bulging inventory of existing homes for sale and an inadequate supply of serviced building lots in Halifax will cap single-detached housing starts well below capacity. This condition will obscure modest growth in single starts in the rural and smaller urban areas of the province, dragging down single starts provincially this year and again in 2006. Single starts are expected to fall 9.8 per cent to 2,950 units in 2005 and another 7.6 per cent to 2,725 units next year.

Multiple Starts: After dropping 32 per cent from 2,128 units in 2003 to only 1,447 units last year, multiple unit starts are rebounding impressively. Developers remain bullish on the Halifax condominium market and the anticipation of rising home ownership carrying costs has renewed interest in rental development across the province as well. The scale of projects continues to rise as developers seek to control costs through economies of scale. Multiple starts are expected to leap 27.9 per cent this year to 1,850 units and another 8.1 per cent to 2,000 units next year.

Resales: A tremendous surge in MLS listings in Halifax in the first half of this year has provided an expanded selection to potential homebuyers. In combination with very low long-term mortgage rates this has reinvigorated what was a sagging Halifax resale market. Increased sales in Halifax will be sufficient to lift total provincial MLS sales to 9,500 units this year. However, rising home ownership carrying costs will result in a 5.3 per cent decline in MLS sales next year as activity slows across the province with 9,000 sales expected.

Prices: Homebuyers have been ebullient this year, putting MLS average sale price on track for 10.6 per cent growth but this enthusiasm is expected to wane next year with only 4.0 per cent growth as average price reaches $168,000. New house prices will continue to grow very slowly as buyers become increasingly price sensitive.

## Provincial Highlight

### Spotlight on Truro

Truro has quietly been posting among the best local economic and housing market performances in the province in recent years. Growth in manufacturing has been complemented by call centre expansion and a rapidly growing retail sector. This has fuelled growth in existing home sales and new home construction as well with Truro's first condo project now under construction. In addition, a low rental vacancy rate of 1.9 per cent has encouraged rental development with more than 160 new units expected to reach the market before the end of next year. Two new public schools and a new hospital are scheduled to begin construction soon, supporting what is expected to be continuing healthy conditions in the Truro housing market over the next two years.

**Contact: David McCulloch (902) 426-8465, dmccullo@cmhc-schl.gc.ca**

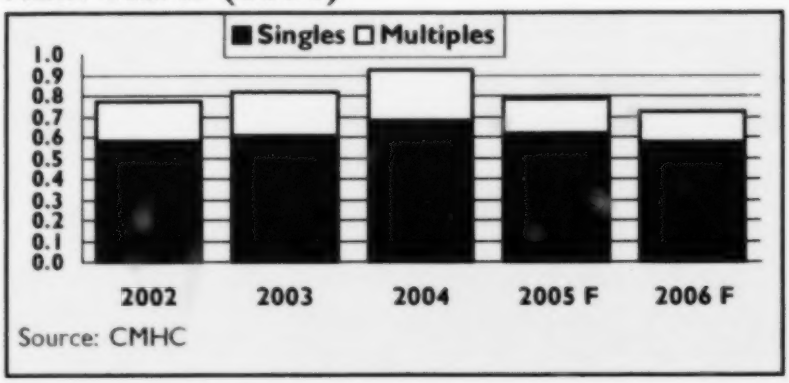
# P.E.I.

## Overview

**Total housing starts to slow in 2006**

Many of the Island's key sectors are expected to see similar levels of activity as in 2004, and as such only modest growth in the provincial economy is forecast over the next two years. The Island's potato farmers have agreed to reduce planting by 10,000 acres, in a effort to reduce the excess capacity that currently exists. As such it is expected that farm cash receipts for potatoes this year should be flat as the prices should be higher but overall production will be lower. The fisheries are also reporting a slower start to 2005, with the spring lobster season experiencing a 8 per cent decline in landings. Tourism has seen almost no growth so far in 2005, and no vast improvement is expected next year. With gas prices at record levels, many potential visitors will to stay closer to home. As such economic growth on the Island is expected to be modest at 1.5 per cent in 2005 and 1.2 per cent in 2006.

## P.E.I. Starts (000's)




Source: CMHC

On the positive side the Island has some major capital projects scheduled to start in 2005, the largest being the new federal government building in Charlottetown. Also, the new beef processing plant in Borden-Calton is up and running, and several manufacturers in Slemon Park are looking to hire to accommodate increased production.

Housing starts are expected to reach 785 units in 2005, a decrease of 14.6 per cent from the 2004 level, which was the highest level of starts on the Island since 1988. Although a further decrease in starts to 725 units is expected in 2006, new home construction will remain strong in historical terms.

## In Detail

Single Starts: The construction of single-family homes is expected to decline over the forecast period, from the fifteen year high set in 2004. The decline is expected as a result of increased interest rates and the fact that much of the pent up demand for homes has been satisfied over the past four years. Our current forecast is calling for 620 units in 2005, and an additional 575 units in 2006.

Multiple Starts: Multiple starts in 2005 are expected to reach 165 units, a decrease of 30.4 per cent from the 2004 level. This decrease will come as the result of fewer starts in both the Charlottetown and Summerside markets. In 2006, multiple starts will decrease to 150 units.

Resales: MLS® sales in PEI have been in the 1,400 unit range for the past five years, and this is expected to continue for both 2005 and 2006. While the demand for existing homes remains strong, limited listings in the key price ranges and rising mortgage carrying costs over the forecast period will be the main factors limiting an increase in sales.

Prices: Over the past four years, a shortage of listings and a strong demand for existing homes in the provinces urban centres fuelled strong price growth. Looking ahead, as market conditions become more balanced, growth in the average MLS® sales price is expected to moderate to 3.3 per cent in 2005 and 3.1 per cent in 2006.

## Provincial Highlight

**Update on The New Federal Building**

The new Federal building is now in the construction phase, but the final price tag will be significantly less than the original plan. In May, Ottawa confirmed the contract for the federal government five-storey office building was awarded to Herve Pomerleau for $29.1 million - that's $5.6 million less than the lowest tender during the first round of bidding last November.

The federal government halted the project then, after tenders came in well over budget. Five bids had been received last fall, ranging from $34.7 million to $42.6 million. As part of the cost cutting the underground parking part of the project has been abandoned in favour of much cheaper ground level parking.

The new five-storey, $29.1-million building is being billed as the most advanced and environmentally-friendly building ever built by the government of Canada.

**Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca**

# Newfoundland and Labrador

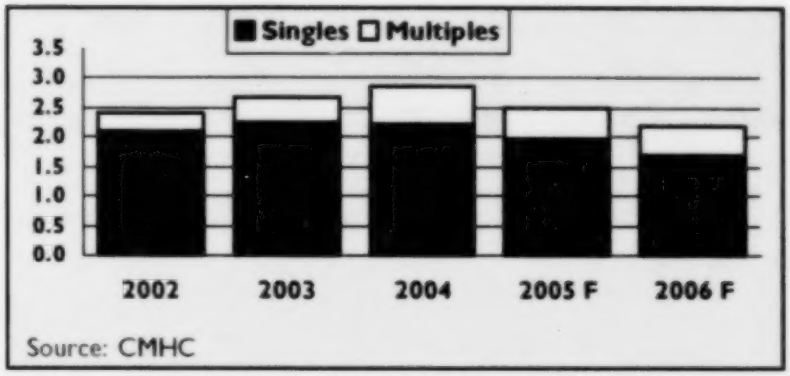
## Overview

**Easing domestic demand to slow provincial housing markets**

With production levels at both the White Rose offsore oil field and Voisey's Bay metal mining project ramping up, expect economic output in the province to surge ahead by a robust 6.0 per cent next year. Growing royalties flowing from increased output in both the oil and mining industries combined with rising federal transfers should improve the province's financial position and underpin slight gains in public sector expenditures.

Despite the positive outlook in these sectors, a number of other key industries will struggle in 2006. In particular, the manufacturing sector will be negatively impacted by rationalization within the province's pulp and paper industry. This is related to the closure of Abitibi-Consolidated's mill in Stephenville as well as the phase out of a machine in Grand Falls-Windsor. These actions will eliminate over 200,000 tonnes of newsprint production resulting in the loss of approximately 400 direct jobs. The outlook for the fishery is also cloudy in the short term due to the anticipated cuts to crab quotas and associated losses in processing. Given these circumstances, employment will decline 0.5 per cent this year and gains will be modest at 0.2 per cent in 2006. While personal incomes will continue to grow, expect only slight gains in consumer spending. Further population losses, a slight rise in interest rates, and sluggish employment growth will be largely responsible for the easing in domestic demand. These conditions will trickle down to provincial housing markets resulting in a decrease in housing starts to 2,500 units in 2005 and 2,200 units in 2006.

**Newfoundland and Labrador Starts (000's)**




Source: CMHC

## In Detail

Single Starts: Rising construction costs and growing competition from the existing homes market will be the major factors behind the expected decline in single-detached starts to 1,975 units this year and 1,700 units in 2006. A steady stream of out-migration along with rising interest rates and lackluster labour market performance will also be a drag on the singles market over the forecast period.

Multiple Starts: Following five years of impressive growth, multiple unit construction will experience significant declines this year to 525 units. With home-buying demand easing, semi-detached units have been particularly hard hit. While starts of single-detached homes with accessory suites remain brisk, this segment is also slowing down. However, positive net migration and a thriving economy in St.-John's is persuading more developers to capitalize on strong demand for condominiums in the provincial capital. Accordingly, condo starts are forecast to gradually increase in coming years. When combined with public sector investment in affordable housing, multiple starts will edge lower to 500 units in 2006.

Resales: The surge in MLS listings over the past 12 months has provided more choice in the marketplace and helped to sustain home buying activity in the St. John's region. With overall demand expected to ease during the remainder of 2005 and into next year, provincial MLS sales are forecast to edge down by 2.0 per cent to 3,200 units this year and another 6.3 per cent to 3,000 units in 2006.

Prices: Despite the surge in the supply of homes for sale, the average MLS house price continues to increase at a healthy rate. Given the surprising strength during the first nine months, expect MLS average price to advance 7.6 per cent this year. Softening demand in 2006 will have a moderating impact on price growth and the average MLS price will increase by 3.9 per cent.

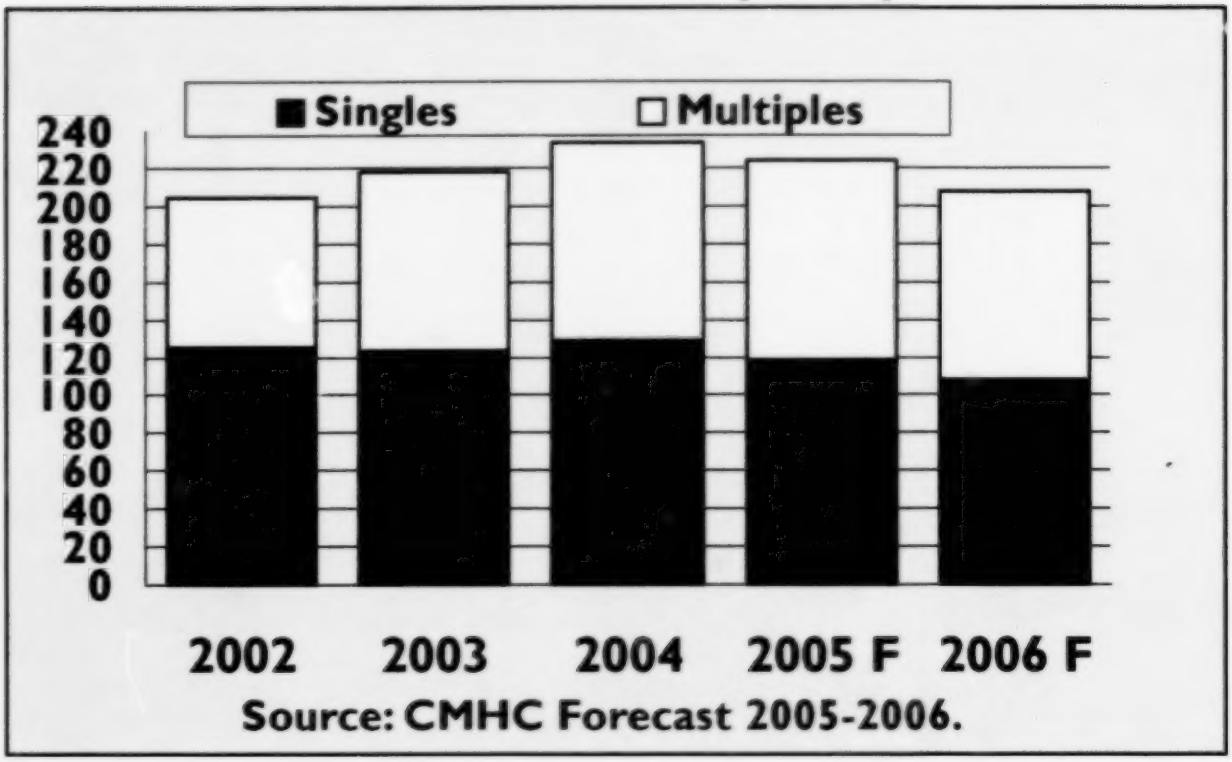
## Provincial Highlight

**Supply of active MLS listings hits 7-year high in metro region**

Sustained home buying demand and strong price growth in recent years has prompted more owners in the St. John's region to test the market. This has led to a substantial rise in MLS active lisings throughout 2005. The pace of growth in MLS active residential listings picked up during the summer months reaching the highest level for this time of year since 1998. At the end of August, total active residential listings stood at 1,518 units, representing an increase of 24.1 per cent over the same period of last year. To the end of September, total active listings have averaged 1,325 units per month. This level of supply is 30.0 per cent above the average level in 2004. Given these market conditions, expect price growth in the metro region to moderate in coming years.

**Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca**

# Canada Starts (000's)




Source: CMHC Forecast 2005-2006.

## Total Housing Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| **NFLD** | **1,459** | **1,788** | **2,419** | **2,692** | **2,870** | **2,500** | **2,200** |
| % | 6.4 | 22.5 | 35.3 | 11.3 | 6.6 | -12.9 | -12.0 |
| **PEI** | **710** | **675** | **775** | **814** | **919** | **785** | **725** |
| % | 15.3 | -4.9 | 14.8 | 5.0 | 12.9 | -14.6 | -7.6 |
| **NS** | **4,432** | **4,092** | **4,970** | **5,096** | **4,717** | **4,800** | **4,725** |
| % | 4.3 | -7.7 | 21.5 | 2.5 | -7.4 | 1.8 | -1.6 |
| **NB** | **3,079** | **3,462** | **3,862** | **4,489** | **3,947** | **3,600** | **3,400** |
| % | 10.9 | 12.4 | 11.6 | 16.2 | -12.1 | -8.8 | -5.6 |
| **QUE** | **24,695** | **27,682** | **42,452** | **50,289** | **58,448** | **50,000** | **43,000** |
| % | -4.1 | 12.1 | 53.4 | 18.5 | 16.2 | -14.5 | -14.0 |
| **ONT** | **71,521** | **73,282** | **83,597** | **85,180** | **85,114** | **80,500** | **75,200** |
| % | 6.4 | 2.5 | 14.1 | 1.9 | -0.1 | -5.4 | -6.6 |
| **MAN** | **2,560** | **2,963** | **3,617** | **4,206** | **4,440** | **4,600** | **4,800** |
| % | -18.3 | 15.7 | 22.1 | 16.3 | 5.6 | 3.6 | 4.3 |
| **SASK** | **2,513** | **2,381** | **2,963** | **3,315** | **3,781** | **3,250** | **3,500** |
| % | -18.6 | -5.3 | 24.4 | 11.9 | 14.1 | -14.0 | 7.7 |
| **ALTA** | **26,266** | **29,174** | **38,754** | **36,171** | **36,270** | **40,000** | **38,000** |
| % | 3.2 | 11.1 | 32.8 | -6.7 | 0.3 | 10.3 | -5.0 |
| **BC** | **14,418** | **17,234** | **21,625** | **26,174** | **32,925** | **33,600** | **31,600** |
| % | -11.6 | 19.5 | 25.5 | 21.0 | 25.8 | 2.1 | -6.0 |
| **Canada** | **151,653** | **162,733** | **205,034** | **218,426** | **233,431** | ***223,600** | ***207,200** |
| % | 1.1 | 7.3 | 26.0 | 6.5 | 6.9 | -4.2 | -7.3 |

Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

## Single-detached Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 1,315 | 1,598 | 2,092 | 2,240 | 2,229 | 1,975 | 1,700 |
| % | 6.7 | 21.5 | 30.9 | 7.1 | -0.5 | -11.4 | -13.9 |
| PEI | 614 | 551 | 582 | 613 | 682 | 620 | 575 |
| % | 30.1 | -10.3 | 5.6 | 5.3 | 11.3 | -9.1 | -7.3 |
| NS | 2,856 | 2,761 | 3,363 | 2,968 | 3,270 | 2,950 | 2,725 |
| % | -14.6 | -3.3 | 21.8 | -11.7 | 10.2 | -9.8 | -7.6 |
| NB | 2,442 | 2,573 | 2,769 | 3,139 | 2,970 | 2,550 | 2,400 |
| % | 10.9 | 5.4 | 7.6 | 13.4 | -5.4 | -14.1 | -5.9 |
| QUE | 15,349 | 17,193 | 25,257 | 27,225 | 28,871 | 25,500 | 21,600 |
| % | -2.8 | 12.0 | 46.9 | 7.8 | 6.0 | -11.7 | -15.3 |
| ONT | 41,087 | 39,632 | 51,114 | 47,610 | 48,929 | 41,100 | 36,500 |
| % | 4.2 | -3.5 | 29.0 | -6.9 | 2.8 | -16.0 | -11.2 |
| MAN | 2,348 | 2,460 | 3,016 | 3,165 | 3,484 | 3,600 | 3,800 |
| % | 5.2 | 4.8 | 22.6 | 4.9 | 10.1 | 3.3 | 5.6 |
| SASK | 1,890 | 1,627 | 1,931 | 2,097 | 2,193 | 2,200 | 2,200 |
| % | -8.7 | -13.9 | 18.7 | 8.6 | 4.6 | 0.3 | 0.0 |
| ALTA | 16,835 | 19,769 | 24,520 | 21,918 | 22,487 | 25,000 | 24,000 |
| % | 0.9 | 17.4 | 24.0 | -10.6 | 2.6 | 11.2 | -4.0 |
| BC | 7,448 | 7,862 | 10,730 | 12,252 | 14,056 | 13,150 | 12,200 |
| % | -14.7 | 5.6 | 36.5 | 14.2 | 14.7 | -6.4 | -7.2 |
| CAN | 92,184 | 96,026 | 125,374 | 123,227 | 129,171 | *118,600 | *107,700 |
| % | 0.0 | 4.2 | 30.6 | -1.7 | 4.8 | -8.2 | -9.2 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Starts
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 144 | 190 | 327 | 452 | 641 | 525 | 500 |
| % | 4.3 | 31.9 | 72.1 | 38.2 | 41.8 | -18.1 | -4.8 |
| PEI | 96 | 124 | 193 | 201 | 237 | 165 | 150 |
| % | -33.3 | 29.2 | 55.6 | 4.1 | 17.9 | -30.4 | -9.1 |
| NS | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,850 | 2,000 |
| % | 74.1 | -15.5 | 20.7 | 32.4 | -32.0 | 27.9 | 8.1 |
| NB | 637 | 889 | 1,093 | 1,350 | 977 | 1,050 | 1,000 |
| % | 10.8 | 39.6 | 22.9 | 23.5 | -27.6 | 7.5 | -4.8 |
| QUE | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 24,500 | 21,400 |
| % | -6.0 | 12.2 | 63.9 | 34.1 | 28.2 | -17.2 | -12.7 |
| ONT | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 39,400 | 38,700 |
| % | 9.4 | 10.6 | -3.5 | 15.7 | -3.7 | 8.9 | -1.8 |
| MAN | 212 | 503 | 601 | 1,041 | 956 | 1,000 | 1,000 |
| % | -76.5 | 137.3 | 19.5 | 73.2 | -8.2 | 4.6 | 0.0 |
| SASK | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,050 | 1,300 |
| % | -38.9 | 21.0 | 36.9 | 18.0 | 30.4 | -33.9 | 23.8 |
| ALTA | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 15,000 | 14,000 |
| | 7.7 | -0.3 | 51.3 | 0.1 | -3.3 | 8.8 | -6.7 |
| BC | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 20,450 | 19,400 |
| % | -8.0 | 34.5 | 16.3 | 27.8 | 35.5 | 8.4 | -5.1 |
| CAN | 59,469 | 66,707 | 79,660 | 95,199 | 104,260 | *105,000 | *99,500 |
| % | 2.9 | 12.2 | 19.4 | 19.5 | 9.6 | 0.7 | -5.2 |

Source: CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding.

## Multiple Housing Starts by Type (Units)

| | | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|---|
| NF | Semi-detached | 44 | 30 | 36 | 66 | 264 | 150 | 150 |
| | Row | 23 | 36 | 42 | 107 | 51 | 25 | 40 |
| | Apartment | 77 | 124 | 249 | 279 | 326 | 350 | 310 |
| | Total | 144 | 190 | 327 | 452 | 641 | 525 | 500 |
| PEI | Semi-detached | 46 | 56 | 64 | 72 | 76 | 65 | 50 |
| | Row | 21 | 10 | 47 | 40 | 80 | 70 | 40 |
| | Apartment | 29 | 58 | 82 | 89 | 81 | 30 | 60 |
| | Total | 96 | 124 | 193 | 201 | 237 | 165 | 150 |
| NS | Semi-detached | 266 | 228 | 253 | 338 | 266 | 275 | 250 |
| | Row | 17 | 40 | 144 | 277 | 186 | 250 | 225 |
| | Apartment | 1,293 | 1,063 | 1,210 | 1,513 | 995 | 1,325 | 1,525 |
| | Total | 1,576 | 1,331 | 1,607 | 2,128 | 1,447 | 1,850 | 2,000 |
| NB | Semi-detached | 113 | 114 | 186 | 254 | 293 | 350 | 350 |
| | Row | 26 | 153 | 68 | 143 | 256 | 150 | 150 |
| | Apartment | 498 | 622 | 839 | 953 | 428 | 550 | 500 |
| | Total | 637 | 889 | 1,093 | 1,350 | 977 | 1,050 | 1,000 |
| QC | Semi-detached | 1,291 | 1,309 | 1,855 | 2,432 | 2,932 | 2,500 | 2,100 |
| | Row | 858 | 869 | 964 | 773 | 1,109 | 900 | 700 |
| | Apartment | 7,197 | 8,311 | 14,376 | 19,859 | 25,536 | 21,100 | 18,600 |
| | Total | 9,346 | 10,489 | 17,195 | 23,064 | 29,577 | 24,500 | 21,400 |
| ON | Semi-detached | 7,167 | 7,106 | 6,886 | 6,379 | 5,172 | 4,400 | 3,900 |
| | Row | 10,846 | 10,269 | 11,849 | 12,191 | 12,824 | 12,500 | 11,800 |
| | Apartment | 12,421 | 16,275 | 13,748 | 19,000 | 18,189 | 22,500 | 23,000 |
| | Total | 30,434 | 33,650 | 32,483 | 37,570 | 36,185 | 39,400 | 38,700 |
| MAN | Semi-detached | 52 | 51 | 68 | 88 | 132 | 105 | 70 |
| | Row | 63 | 84 | 76 | 62 | 92 | 95 | 80 |
| | Apartment | 97 | 368 | 457 | 891 | 732 | 800 | 850 |
| | Total | 212 | 503 | 601 | 1,041 | 956 | 1,000 | 1,000 |
| SK | Semi-detached | 148 | 116 | 142 | 95 | 184 | 250 | 300 |
| | Row | 173 | 240 | 456 | 594 | 681 | 350 | 400 |
| | Apartment | 302 | 398 | 434 | 529 | 723 | 450 | 600 |
| | Total | 623 | 754 | 1,032 | 1,218 | 1,588 | 1,050 | 1,300 |
| ALB | Semi-detached | 1,518 | 1,957 | 2,869 | 2,567 | 2,916 | 3,100 | 3,500 |
| | Row | 1,545 | 1,779 | 2,531 | 2,859 | 2,401 | 2,800 | 3,100 |
| | Apartment | 6,368 | 5,669 | 8,834 | 8,827 | 8,466 | 9,100 | 7,400 |
| | Total | 9,431 | 9,405 | 14,234 | 14,253 | 13,783 | 15,000 | 14,000 |
| B.C. | Semi-detached | 885 | 916 | 1,225 | 1,353 | 2,062 | 2,250 | 2,150 |
| | Row | 1,675 | 1,686 | 2,305 | 3,297 | 4,387 | 4,600 | 4,250 |
| | Apartment | 4,410 | 6,770 | 7,365 | 9,272 | 12,420 | 13,600 | 13,000 |
| | Total | 6,970 | 9,372 | 10,895 | 13,922 | 18,869 | 20,450 | 19,400 |
| CAN | Semi-detached | 11,530 | 11,883 | 13,584 | 13,644 | 14,297 | 13,445 | 12,820 |
| | Row | 15,247 | 15,166 | 18,482 | 20,343 | 22,067 | 21,740 | 20,785 |
| | Apartment | 32,692 | 39,658 | 47,594 | 61,212 | 67,896 | 69,805 | 65,845 |
| | Total | 59,469 | 66,707 | 79,660 | 95,199 | 104,260 | *105,000 | *99,500 |

Source: CMHC Forecast 2005-2006.
* Total does not add due to rounding.

## Total Residential Resales
## (units and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| **NFLD** | 2,593 | 2,808 | 3,014 | 3,238 | 3,265 | 3,200 | 3,000 |
| % | 6.4 | 8.3 | 7.3 | 7.4 | 0.8 | -2.0 | -6.3 |
| **PEI** | 1,206 | 1,234 | 1,306 | 1,404 | 1,500 | 1,450 | 1,400 |
| % | 1.9 | 2.3 | 5.8 | 7.5 | 6.8 | -3.3 | -3.4 |
| **NS** | 8,577 | 9,441 | 10,243 | 9,221 | 8,873 | 9,500 | 9,000 |
| % | -2.8 | 10.1 | 8.5 | -10.0 | -3.8 | 6.9 | -5.3 |
| **NB** | 4,524 | 4,779 | 5,089 | 5,489 | 5,979 | 6,550 | 6,000 |
| % | 3.4 | 5.6 | 6.5 | 7.9 | 8.9 | 9.6 | -8.4 |
| **QUE** | 54,160 | 62,351 | 68,161 | 67,130 | 69,617 | 70,500 | 67,000 |
| % | 8.8 | 15.1 | 9.3 | -1.5 | 3.7 | 1.3 | -5.0 |
| **ONT** | 147,158 | 162,318 | 178,058 | 184,457 | 197,354 | 195,000 | 188,000 |
| % | -1.0 | 10.3 | 9.7 | 3.6 | 7.0 | -1.2 | -3.6 |
| **MAN** | 10,612 | 11,440 | 11,108 | 11,523 | 12,098 | 12,750 | 13,500 |
| % | -2.3 | 7.8 | -2.9 | 3.7 | 5.0 | 5.4 | 5.9 |
| **SASK** | 7,552 | 7,971 | 7,933 | 7,698 | 8,172 | 8,500 | 8,800 |
| % | -6.2 | 5.5 | -0.5 | -3.0 | 6.2 | 4.0 | 3.5 |
| **ALTA** | 43,311 | 48,989 | 51,042 | 51,334 | 57,460 | 64,500 | 62,000 |
| % | 1.5 | 13.1 | 4.2 | 0.6 | 11.9 | 12.3 | -3.9 |
| **BC** | 54,179 | 69,554 | 82,737 | 93,095 | 96,385 | 104,000 | 95,000 |
| % | -6.7 | 28.4 | 19.0 | 12.5 | 3.5 | 7.9 | -8.7 |
| **CAN**** | 333,872 | 380,885 | 418,691 | 434,589 | 460,703 | *476,000 | *453,700 |
| % | -0.3 | 14.1 | 9.9 | 3.8 | 6.0 | 3.3 | -4.7 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Average Residential Resale Price
## (dollars and annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| **NFLD** | 99,525 | 104,376 | 113,081 | 119,822 | 131,499 | 141,500 | 147,000 |
| % | 5.5 | 4.9 | 8.3 | 6.0 | 9.7 | 7.6 | 3.9 |
| **PEI** | 82,883 | 87,696 | 94,964 | 101,745 | 110,815 | 114,500 | 118,000 |
| % | 0.9 | 5.8 | 8.3 | 7.1 | 8.9 | 3.3 | 3.1 |
| **NS** | 109,839 | 115,485 | 126,669 | 136,292 | 146,096 | 161,500 | 168,000 |
| % | 7.0 | 5.1 | 9.7 | 7.6 | 7.2 | 10.6 | 4.0 |
| **NB** | 91,624 | 95,947 | 100,129 | 105,858 | 112,933 | 120,000 | 124,500 |
| % | 4.0 | 4.7 | 4.4 | 5.7 | 6.7 | 6.3 | 3.8 |
| **QUE** | 111,296 | 115,820 | 130,403 | 151,881 | 170,647 | 185,000 | 194,000 |
| % | 3.5 | 4.1 | 12.6 | 16.5 | 12.4 | 8.4 | 4.9 |
| **ONT** | 183,841 | 193,357 | 210,901 | 226,824 | 245,229 | 264,000 | 276,000 |
| % | 5.6 | 5.2 | 9.1 | 7.5 | 8.1 | 7.7 | 4.5 |
| **MAN** | 87,884 | 93,192 | 96,531 | 106,788 | 119,245 | 134,000 | 144,000 |
| % | 1.7 | 6.0 | 3.6 | 10.6 | 11.7 | 12.4 | 7.5 |
| **SASK** | 94,047 | 98,310 | 101,297 | 104,995 | 110,824 | 122,000 | 128,000 |
| % | 2.9 | 4.5 | 3.0 | 3.7 | 5.6 | 10.1 | 4.9 |
| **ALTA** | 146,258 | 153,737 | 170,253 | 182,845 | 194,769 | 220,000 | 235,000 |
| % | 4.8 | 5.1 | 10.7 | 7.4 | 6.5 | 13.0 | 6.8 |
| **BC** | 221,371 | 222,822 | 238,877 | 259,968 | 289,107 | 330,000 | 350,000 |
| % | 2.8 | 0.7 | 7.2 | 8.8 | 11.2 | 14.1 | 6.1 |
| **CAN**** | 164,036 | 171,801 | 188,785 | 207,162 | 226,283 | *249,400 | *261,500 |
| % | 3.7 | 4.7 | 9.9 | 9.7 | 9.2 | 10.2 | 4.9 |

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

## Employment (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -1.4 | 3.1 | 1.6 | 2.4 | 1.3 | -0.5 | 0.2 |
| PEI | 4.3 | 1.4 | 1.4 | 2.4 | 0.8 | 2.2 | 1.0 |
| NS | 2.0 | 1.0 | 1.7 | 2.1 | 2.4 | 0.6 | 0.5 |
| NB | 1.7 | -0.2 | 3.7 | 0.3 | 1.9 | 0.0 | 0.5 |
| QUE | 2.5 | 1.1 | 3.7 | 1.6 | 1.7 | 1.1 | 1.1 |
| ONT | 3.2 | 1.9 | 1.9 | 2.9 | 1.7 | 1.2 | 1.3 |
| MAN | 2.2 | 0.5 | 2.4 | 0.5 | 1.0 | 0.6 | 1.6 |
| SASK | 0.4 | -2.7 | 1.7 | 1.5 | 1.0 | 1.5 | 1.1 |
| ALTA | 2.7 | 2.9 | 2.5 | 2.8 | 2.3 | 1.7 | 1.6 |
| BC | 2.0 | -0.4 | 2.0 | 2.8 | 2.3 | 3.1 | 2.0 |
| CAN | 2.6 | 1.3 | 2.4 | 2.3 | 1.8 | 1.4 | 1.3 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Unemployment Rate (percent)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 16.7 | 16.0 | 16.6 | 16.4 | 15.6 | 15.2 | 15.0 |
| PEI | 12.1 | 12.0 | 12.1 | 11.0 | 11.3 | 10.8 | 10.9 |
| NS | 9.1 | 9.8 | 9.6 | 9.1 | 8.8 | 8.3 | 8.3 |
| NB | 10.0 | 11.1 | 10.2 | 10.3 | 9.8 | 9.8 | 9.8 |
| QUE | 8.5 | 8.8 | 8.7 | 9.2 | 8.5 | 8.4 | 8.5 |
| ONT | 5.8 | 6.4 | 7.1 | 7.0 | 6.8 | 6.7 | 6.6 |
| MAN | 5.0 | 5.1 | 5.1 | 5.0 | 5.3 | 5.0 | 4.9 |
| SASK | 5.2 | 5.8 | 5.7 | 5.6 | 5.3 | 4.8 | 4.5 |
| ALTA | 5.0 | 4.7 | 5.3 | 5.1 | 4.6 | 3.8 | 3.6 |
| BC | 7.2 | 7.7 | 8.5 | 8.0 | 7.2 | 6.1 | 6.1 |
| CAN | 6.8 | 7.2 | 7.7 | 7.6 | 7.2 | 6.8 | 6.7 |

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

## Real Gross Domestic Product (annual percent change)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | 5.2 | 1.3 | 16.7 | 6.8 | -0.7 | 2.0 | 6.0 |
| PEI | 1.9 | -0.3 | 6.1 | 1.9 | 1.7 | 1.5 | 1.2 |
| NS | 3.1 | 2.9 | 5.2 | 1.2 | 1.5 | 2.0 | 2.4 |
| NB | 2.1 | 1.3 | 4.8 | 2.5 | 2.6 | 2.2 | 2.4 |
| QUE | 4.3 | 1.1 | 4.1 | 1.9 | 2.2 | 2.5 | 2.5 |
| ONT | 5.9 | 2.0 | 3.4 | 1.6 | 2.6 | 2.4 | 2.6 |
| MAN | 4.3 | 0.8 | 2.2 | 1.5 | 2.3 | 3.0 | 3.1 |
| SASK | 2.6 | -1.8 | -0.3 | 4.5 | 3.5 | 2.9 | 2.9 |
| ALTA | 6.1 | 1.6 | 2.4 | 2.7 | 3.7 | 3.8 | 4.1 |
| BC | 4.6 | 0.9 | 3.3 | 2.5 | 3.9 | 3.5 | 3.3 |
| CAN | 5.2 | 1.8 | 3.4 | 2.0 | 2.9 | 2.9 | 3.0 |

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

## Total Net Migration* (persons)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 (F) | 2006 (F) |
|---|---|---|---|---|---|---|---|
| NFLD | -4,725 | -3,765 | -2,718 | -454 | -1,878 | -2,300 | -3,000 |
| PEI | 20 | 357 | 151 | 461 | 78 | 250 | 225 |
| NS | -564 | -195 | 1,068 | 1,484 | 244 | 550 | 650 |
| NB | -1,411 | -1,175 | 543 | -761 | 64 | -900 | -1,050 |
| QUE | 14,848 | 27,730 | 28,012 | 31,515 | 33,299 | 33,000 | 34,000 |
| ONT | 151,099 | 162,871 | 134,176 | 101,198 | 97,062 | 108,000 | 109,600 |
| MAN | -377 | -807 | 1,722 | 3,245 | 6,025 | 4,550 | 6,050 |
| SASK | -7,648 | -7,675 | -6,334 | -2,998 | -1,711 | -3,300 | -2,500 |
| ALTA | 34,012 | 38,273 | 29,100 | 22,395 | 24,758 | 35,200 | 38,250 |
| BC | 14,483 | 28,700 | 23,105 | 31,660 | 35,556 | 40,000 | 44,000 |
| CAN** | 199,737 | 244,314 | 208,825 | 187,745 | 193,497 | 215,050 | 226,225 |

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006. (F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index, annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Victoria | 2004 | 2,363 | 1,038 | 9.0 | 7,685 | 325,412 | 0.6 |
| | 2005(F) | 2,420 | 1,050 | 7.5 | 8,150 | 372,000 | 0.9 |
| | 2006(F) | 2,225 | 990 | 6.0 | 7,700 | 379,000 | 1.2 |
| Vancouver | 2004 | 19,430 | 5,614 | 5.0 | 37,972 | 373,877 | 1.3 |
| | 2005(F) | 17,900 | 4,650 | 5.5 | 41,000 | 420,000 | 1.5 |
| | 2006(F) | 17,500 | 4,400 | 6.0 | 38,000 | 445,000 | 1.6 |
| Abbotsford | 2004 | 1,083 | 607 | n.a. | 3,740 | 232,175 | 2.8 |
| | 2005(F) | 1,020 | 525 | n.a. | 4,000 | 257,000 | 3.0 |
| | 2006(F) | 1,000 | 540 | n.a. | 3,800 | 278,000 | 2.8 |
| Edmonton | 2004 | 11,488 | 6,614 | 4.0 | 17,652 | 179,610 | 5.3 |
| | 2005(F) | 13,350 | 7,350 | 4.5 | 18,300 | 193,000 | 4.8 |
| | 2006(F) | 12,300 | 6,900 | 4.3 | 17,750 | 203,000 | 4.5 |
| Calgary | 2004 | 14,008 | 8,233 | 5.6 | 26,512 | 222,851 | 4.3 |
| | 2005(F) | 13,500 | 8,500 | 5.5 | 30,750 | 248,800 | 3.3 |
| | 2006(F) | 13,750 | 8,500 | 5.0 | 30,200 | 269,800 | 3.0 |
| Saskatoon | 2004 | 1,578 | 753 | 4.7 | 2,999 | 132,549 | 6.3 |
| | 2005(F) | 1,300 | 700 | 5.0 | 3,200 | 142,500 | 5.5 |
| | 2006(F) | 1,400 | 700 | 4.0 | 3,400 | 150,000 | 5.0 |
| Regina | 2004 | 1,242 | 605 | 6.5 | 2,785 | 111,869 | 2.7 |
| | 2005(F) | 1,000 | 600 | 7.0 | 2,650 | 123,000 | 3.0 |
| | 2006(F) | 1,200 | 600 | 6.0 | 2,800 | 135,500 | 3.0 |
| Winnipeg | 2004 | 2,489 | 1,882 | 6.4 | 10,797 | 121,925 | 1.1 |
| | 2005(F) | 2,550 | 1,800 | 7.4 | 11,700 | 135,000 | 1.3 |
| | 2006(F) | 2,600 | 1,800 | 6.1 | 12,500 | 146,000 | 1.5 |
| Thunder Bay | 2004 | 287 | 241 | 1.9 | 1,453 | 112,500 | 5.0 |
| | 2005(F) | 240 | 175 | 1.5 | 1,330 | 118,100 | 5.5 |
| | 2006(F) | 210 | 160 | 1.0 | 1,300 | 121,000 | 6.0 |
| Sudbury | 2004 | 388 | 374 | 1.9 | 2,500 | 122,866 | 2.6 |
| | 2005(F) | 440 | 390 | 1.5 | 2,526 | 132,100 | 2.0 |
| | 2006(F) | 420 | 370 | 1.0 | 2,475 | 134,700 | 2.5 |
| Windsor | 2004 | 2,287 | 1,539 | 0.4 | 5,832 | 159,597 | 8.8 |
| | 2005(F) | 1,580 | 1,100 | 3.6 | 5,550 | 165,500 | 9.0 |
| | 2006(F) | 1,490 | 1,050 | 4.0 | 5,350 | 170,000 | 6.0 |
| London | 2004 | 3,078 | 2,336 | 4.8 | 9,238 | 167,344 | 3.7 |
| | 2005(F) | 3,109 | 1,945 | 4.7 | 8,850 | 176,000 | 4.4 |
| | 2006(F) | 2,710 | 1,860 | 4.0 | 8,400 | 180,500 | 4.0 |
| Kitchener | 2004 | 3,912 | 2,374 | 4.5 | 5,931 | 205,639 | 3.5 |
| | 2005(F) | 4,280 | 2,130 | 5.5 | 6,075 | 219,000 | 3.3 |
| | 2006(F) | 3,870 | 2,000 | 4.5 | 6,150 | 230,000 | 3.1 |
| St. Catharines-Niagara | 2004 | 1,781 | 1,292 | 6.9 | 6,723 | 170,425 | 2.6 |
| | 2005(F) | 1,435 | 1,025 | 7.5 | 6,600 | 184,000 | 2.2 |
| | 2006(F) | 1,420 | 950 | 4.5 | 6,400 | 194,000 | 2.0 |
| Hamilton | 2004 | 4,093 | 1,995 | 5.4 | 13,176 | 215,922 | 3.4 |
| | 2005(F) | 3,260 | 1,750 | 6.0 | 13,000 | 229,000 | 3.2 |
| | 2006(F) | 3,060 | 1,600 | 6.4 | 12,800 | 240,000 | 3.0 |
| Toronto | 2004 | 42,115 | 19,076 | 5.9 | 84,854 | 315,266 | 4.3 |
| | 2005(F) | 43,000 | 16,000 | 4.5 | 85,000 | 335,000 | 4.0 |
| | 2006(F) | 41,300 | 13,500 | 4.0 | 84,000 | 348,300 | 5.0 |

## Local Market Indicators

| Census Metropolitan Area | | Total housing starts | Single-detached housing starts | New housing price index annual % chg. | MLS® sales | MLS® average price | Rental vacancy rate Structures of 3 units + |
|---|---|---|---|---|---|---|---|
| Oshawa* | 2004 | 3,153 | 2,356 | n.a. | 9,816 | 237,084 | 3.4 |
| | 2005(F) | 2,634 | 2,180 | n.a. | 9,150 | 252,200 | 3.2 |
| | 2006(F) | 2,380 | 1,850 | n.a. | 9,000 | 262,000 | 3.0 |
| Kingston | 2004 | 872 | 701 | n.a. | 3,764 | 175,821 | 2.4 |
| | 2005(F) | 820 | 670 | n.a. | 3,650 | 196,200 | 3.3 |
| | 2006(F) | 800 | 650 | n.a. | 3,600 | 217,000 | 3.1 |
| Ottawa | 2004 | 7,243 | 3,245 | 6.6 | 13,457 | 238,152 | 3.9 |
| | 2005(F) | 5,000 | 2,300 | 5.5 | 12,800 | 249,100 | 4.1 |
| | 2006(F) | 4,700 | 2,100 | 3.5 | 12,500 | 256,600 | 3.9 |
| Gatineau | 2004 | 3,227 | 1,561 | 3.8 | 3,930 | 155,099 | 2.1 |
| | 2005(F) | 2,300 | 1,300 | 5.5 | 4,000 | 166,000 | 3.0 |
| | 2006(F) | 2,000 | 1,200 | 5.0 | 3,800 | 172,500 | 3.0 |
| Montreal | 2004 | 28,673 | 10,578 | 6.4 | 36,022 | 211,645 | 1.5 |
| | 2005(F) | 24,500 | 8,900 | 5.5 | 36,600 | 225,000 | 2.5 |
| | 2006(F) | 21,000 | 7,400 | 5.0 | 36,000 | 232,000 | 3.0 |
| Trois-Rivieres | 2004 | 874 | 384 | n.a. | 816 | 102,021 | 1.2 |
| | 2005(F) | 775 | 350 | n.a. | 790 | 111,000 | 1.6 |
| | 2006(F) | 615 | 310 | n.a. | 750 | 115,000 | 2.0 |
| Sherbrooke | 2004 | 1,355 | 521 | n.a. | 1,264 | 133,700 | 0.9 |
| | 2005(F) | 1,000 | 530 | n.a. | 1,300 | 149,700 | 1.4 |
| | 2006(F) | 770 | 440 | n.a. | 1,350 | 158,700 | 1.2 |
| Quebec | 2004 | 6,186 | 2,704 | 5.7 | 6,257 | 139,786 | 1.1 |
| | 2005(F) | 5,900 | 2,650 | 4.0 | 6,900 | 150,400 | 1.8 |
| | 2006(F) | 5,000 | 2,350 | 4.5 | 7,000 | 156,400 | 2.3 |
| Saguenay | 2004 | 347 | 244 | n.a. | 1,077 | 100,000 | 5.2 |
| | 2005(F) | 515 | 260 | n.a. | 1,150 | 110,000 | 5.4 |
| | 2006(F) | 390 | 245 | n.a. | 1,100 | 117,000 | 5.8 |
| Saint John | 2004 | 516 | 387 | 2.0 | 1,612 | 117,000 | 5.8 |
| | 2005(F) | 460 | 370 | 4.5 | 1,750 | 120,000 | 5.5 |
| | 2006(F) | 480 | 320 | 3.0 | 1,600 | 122,000 | 5.2 |
| Halifax | 2004 | 2,627 | 1,510 | 2.1 | 5,516 | 175,132 | 2.9 |
| | 2005(F) | 2,550 | 1,200 | 2.2 | 6,200 | 188,500 | 3.0 |
| | 2006(F) | 2,625 | 1,050 | 3.5 | 5,900 | 195,000 | 3.3 |
| St. John's | 2004 | 1,834 | 1,275 | 5.0 | 3,203 | 132,993 | 3.1 |
| | 2005(F) | 1,550 | 1,100 | 6.0 | 3,150 | 141,000 | 5.0 |
| | 2006(F) | 1,450 | 1,025 | 3.0 | 2,900 | 146,000 | 5.5 |
| Charlottetown | 2004 | 490 | 331 | 3.5 | 521 | 139,988 | 4.2 |
| | 2005(F) | 410 | 310 | 4.0 | 500 | 144,000 | 4.0 |
| | 2006(F) | 390 | 300 | 3.0 | 500 | 147,500 | 3.8 |
| ALL METRO AREAS | 2004 | 169,019 | 80,370 | 4.8 | 327,104 | | 2.7 |
| | 2005(F) | 158,798 | 71,810 | 5.0 | 336,621 | | 3.0 |
| | 2006(F) | 149,055 | 65,160 | 4.6 | 329,025 | | 3.4 |

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
MLS® data for St. Catharines-Niagara is aggregated using total numbers of the area's three real estate boards.
*MLS® numbers reflect all of Durham Region
n.a.: data not available

## Major Housing Indicators
## Seasonally Adjusted Annual Rates
## (levels and quarterly percent change)

| | 03:Q4 | 04:Q1 | 04:Q2 | 04:Q3 | 04:Q4 | 05:Q1 | 05:Q2 | 05:Q3 |
|---|---|---|---|---|---|---|---|---|
| **New housing** | | | | | | | | |
| Building permits, units, thousands | 233.1 | 234.7 | 250.2 | 241.0 | 239.8 | 231.3 | 236.9 | n.a. |
| % | 2.4 | 0.7 | 6.6 | -3.7 | 0.5 | -3.6 | 2.4 | n.a. |
| Housing starts, total, thousands | 225.6 | 224.0 | 232.4 | 236.3 | 236.9 | 213.3 | 235.4 | 227.7 |
| % | -1.1 | -0.7 | 3.8 | 1.7 | 0.3 | -10.0 | 10.4 | -3.3 |
| Housing starts, singles, thousands | 127.5 | 128.4 | 125.8 | 133.3 | 129.3 | 117.9 | 126.8 | 116.9 |
| % | 2.9 | 0.7 | -2.0 | 6.0 | -3.0 | -8.8 | 7.5 | -7.8 |
| Housing starts, multiples, thousands | 98.1 | 95.6 | 106.6 | 103.0 | 107.6 | 95.4 | 108.6 | 110.8 |
| % | -5.8 | -2.5 | 11.5 | -3.4 | 4.5 | -11.3 | 13.8 | 2.0 |
| Housing completions, total, thousands | 55.0 | 45.3 | 48.6 | 61.6 | 60.0 | 47.1 | 51.7 | 58.1 |
| % | -1.2 | -17.6 | 7.4 | 26.7 | -2.6 | -21.6 | 9.9 | 12.4 |
| New house price index, 1997=100 | 119.0 | 120.4 | 122.6 | 124.2 | 125.4 | 126.5 | 128.4 | n.a. |
| % | 1.5 | 1.1 | 1.9 | 1.3 | 1.0 | 0.9 | 1.5 | n.a. |
| **Existing housing** | | | | | | | | |
| MLS® resales, units, thousands | 448.5 | 454.9 | 477.6 | 460.6 | 451.3 | 454.1 | 491.6 | n.a. |
| % | -3.1 | 1.4 | 5.0 | -3.6 | -2.0 | 0.7 | 8.2 | n.a. |
| MLS® average resale price, $C thousands | 215,701 | 219,782 | 226,272 | 225,789 | 233,148 | 239,208 | 246,469 | n.a. |
| % | 2.6 | 1.9 | 3.0 | -0.2 | 3.3 | 2.6 | 3.0 | n.a. |
| **Mortgage market** | | | | | | | | |
| 1-year mortgage rate, per cent* | 4.68 | 4.30 | 4.57 | 4.60 | 4.90 | 4.88 | 4.83 | 4.97 |
| 5-year mortgage rate, per cent* | 6.45 | 5.85 | 6.45 | 6.38 | 6.25 | 6.12 | 5.90 | 5.80 |
| **Residential investment**** | | | | | | | | |
| Total, $1997 billions | 63.9 | 65.3 | 66.3 | 67.4 | 68.2 | 68.0 | 69.3 | n.a. |
| % | 1.9 | 2.1 | 1.6 | 1.7 | 1.2 | -0.3 | 2.0 | n.a. |
| New, $1997 billions | 32.1 | 32.6 | 33.0 | 33.5 | 34.1 | 33.5 | 33.6 | n.a. |
| % | 4.1 | 1.8 | 1.2 | 1.5 | 1.6 | -1.5 | 0.1 | n.a. |
| Alterations, $1997 billions | 22.8 | 23.5 | 23.7 | 24.4 | 25.3 | 25.3 | 25.8 | n.a. |
| % | 1.7 | 3.3 | 0.5 | 3.1 | 3.6 | 0.3 | 2.0 | n.a. |
| Transfer costs, $1997 billions | 9.13 | 9.18 | 9.63 | 9.59 | 9.13 | 9.32 | 10.04 | n.a. |
| % | -4.0 | 0.6 | 4.9 | -0.5 | -4.8 | 2.1 | 7.6 | n.a. |
| Deflator, 1997=100 | 121.2 | 122.7 | 125.8 | 126.4 | 127.2 | 128.6 | 129.6 | n.a. |
| % | 15 | 1.3 | 2.5 | 0.5 | 0.7 | 1.1 | 0.8 | n.a. |

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.